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INDEX AND SUMMARY OF H. R. 15750

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Feb. 1, 1966 Both Houses received President's foreign aid message. H. Doc. 374. Print of document.

LEGISLATIVE HISTORY

Feb. 2, 1966 Sen. Fulbright introduced and discussed Public Law 89-583 H. R. 15750 which was referred to Senate Foreign Relations Committee. Print of bill and remarks of Sen. Fulbright.

Rep. Morgan introduced H. R. 15750 which was referred to House Foreign Affairs Committee. Print of bill as introduced.

June 8, 1966 Sen. Mondale submitted a proposed amendment to S. 2859.

June 9, 1966 Senate committee voted to report S. 2859.

June 16, 1966 Rep. Morgan introduced H. R. 15750 which was referred to House Foreign Affairs Committee. Print of bill as introduced.

June 20, 1966 House committee voted to report H. R. 15750.

June 23, 1966 House committee reported H. R. 15750 with H. Report 2852. Print of bill and report.

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June 29, 1966 House Rules Committee granted an open rule on H. R. 15750.

June 30, 1966 Rules Committee reported resolution for the consideration of H. R. 15750. H. Res. 916, H. Report 1630. Print of resolution and report.

July 11, 1966 Senate Foreign Relations Committee reported S. 3584, an original bill, on July 7 during adjournment. S. Report 1559. Print of bill and report.

July 12, 1966 House began debate on H. R. 15750.

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July 13, 1966 House continued debate on H. R. 15750.

INDEX AND SUMMARY OF H. R. 15750

Feb.	1, 1966	Both Houses received President's foreign aid message. H. Doc. 374. Print of document.
Feb.	2, 1966	Sen. Fulbright introduced and discussed S. 2859 which was referred to Senate Foreign Relations Committee. Print of bill and remarks of Sen. Fulbright.
July	18, 1966	Rep. Morgan introduced H. R. 12449 which was referred to House Foreign Affairs Committee. Print of bill as introduced.
June	8, 1966	Sen. Mondale submitted a proposed amendment to S. 2859.
June	9, 1966	Senate committee voted to report S. 2859.
June	16, 1966	Rep. Morgan introduced H. R. 15750 which was referred to House Foreign Affairs Committee. Print of bill as introduced.
June	20, 1966	House committee voted to report H. R. 15750.
June	23, 1966	House committee reported H. R. 15750 without amendment. H. Report 1651. Print of bill and report.
June	29, 1966	House Rules Committee granted an open rule on H. R. 15750.
June	30, 1966	Rules Committee reported resolution for the consideration of H. R. 15750. H. Res. 906, H. Report 1680. Print of resolution and report.
July	11, 1966	Senate Foreign Relations Committee reported S. 3584, an original bill, on July 7 during adjournment. S. Report 1359. Print of bill and report.
July	12, 1966	House began debate on H. R. 15750. Sen. Javits submitted and discussed an amendment to S. 3584.
July	13, 1966	House continued debate on H. R. 15750.

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June	8, 1966	Sen. Mondale submitted a proposed amendment to S. 2859.
June	9, 1966	Senate committee voted to report S. 2859.
June	16, 1966	Rep. Morgan introduced H. R. 15750 which was referred to House Foreign Affairs Committee. Print of bill as introduced.
June	20, 1966	House committee voted to report H. R. 15750.
June	23, 1966	House committee reported H. R. 15750 with- out amendment. H. Report 1551. Print of bill and report.
June	29, 1966	House Rules Committee granted an open rule on H. R. 15750.
June	30, 1966	Rules Committee reported resolution for the consideration of H. R. 15750. H. Res. 906, H. Report 1580. Print of resolution and report.
July	11, 1966	Senate Foreign Relations Committee reported S. 3581, an original bill, on July 7 during adjournment. S. Report 1559. Print of bill and report.
July	12, 1966	House began debate on H. R. 15750.
		Sen. Javits submitted and discussed an amend- ment to S. 3581.
July	13, 1966	House continued debate on H. R. 15750.

INDEX AND SUMMARY OF H. R. 15750, cont'd

July	14, 1966	House passed H. R. 15750 with amendments.
July	15, 1966	H. R. 15750 was placed on Senate calendar. Sen. Lausche submitted two amendments to S. 3584.
July	18, 1966	Senate began debate on S. 3584.
July	19, 1966	Senate continued debate on S. 3584.
July	20, 1966	Senate continued debate on S. 3584.
July	21, 1966	Senate continued debate on S. 3584.
July	22, 1966	Senate continued debate on S. 3584.
July	25, 1966	Senate continued debate on S. 3584.
July	26, 1966	Senate passed H. R. 15750 with an amendment (substituting the language of S. 3584). Senate conferees were appointed. S. 3584 indefinitely postponed due to passage of H. R. 15750. Print of H. R. 15750 as passed by Senate.
Aug.	1, 1966	House conferees were appointed.
Aug.	31, 1966	House received conference report on H. R. 15750. H. Rept. 1927. Print of report.
Sept.	1, 1966	House agreed to conference report.
Sept.	7, 1966	Senate agreed to conference report.
Sept.	19, 1966	Approved: Public Law 89-583.

Hearings: H. Foreign Relations Committee on H. R. 12449; Parts 1 - 7.
S. Foreign Relations Committee on S. 2859.

DIGEST OF PUBLIC LAW 89-583

FOREIGN ASSISTANCE ACT OF 1966. Amends the Foreign Assistance Act of 1961, as amended, to extend most economic and technical aid and military assistance programs for one year, through June 30, 1967. Extends the Development Loan Fund and Alliance for Progress programs for three years, through June 30, 1969. Authorizes appropriation of \$3,500,735,500.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Feb. 2, 1966
For actions of Feb. 1, 1966
89th-2nd; No. 16

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HIGHLIGHTS: Both Houses received President's foreign aid message. Sen. Proxmire criticized withholding of school milk funds. Sen. Holland reviewed problems of cotton industry.

SENATE

1. **FOREIGN AID.** Both Houses received the President's foreign aid message in which he: Proposed an all-out effort to enable the developing countries to supply their own food needs, through their own production or through improved capacity to buy in the world market. Stated he would shortly send to the Congress a special message which will recommend new legislation to redirect and strengthen our food aid programs to induce greater agricultural self-help abroad. Proposed that AID increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million, to finance imports of fertilizer from the U. S. and to finance the transfer of American farming techniques.

Requested 5-year authorizations for both the economic and military aid programs. Requested \$140 million for contributions to international organizations. To S. Foreign Relations and H. Foreign Affairs Committees. (H. Doc. 374) pp. 1607-10, 1630-33

Sens. Brewster and Tydings commended the President's message. pp. 1580-1, 1582-3

2. FOREIGN TRADE; FIBERS. Both Houses received from the President a report on the feasibility and desirability of separate classification in the U. S. tariff schedules for those articles of manmade fibers commonly referred to as textured or texturized yarns which concludes that such separate tariff classification is feasible but not desirable in view of the current situation; to S. Finance and H. Ways and Means Committees. pp. 1607, 1634
3. PERSONNEL TRAINING. Both Houses received from the President a report on Federal employees who participated in training in non-Government facilities in courses that were over 120 days and those employees who received training in non-Government facilities as the result of receiving an award or contribution. pp. 1610, 1634
4. MILK. Sen. Proxmire criticized the action of the Budget Bureau in withholding funds from the special milk program and inserted a letter from a Pa. school district critical of the action. p. 1580
5. COTTON. Sen. Holland inserted his address to the National Cotton Council convention reviewing problems of the cotton industry. pp. 1612-4
6. GOVERNMENT OPERATIONS. The Government Operations Committee reported an original resolution, S. Res. 218, to authorize the Committee to make studies of the efficiency and economy of operations of the Federal Government (no written report). pp. 1541-2
7. LOANS. Sen. Douglas inserted a resolution supporting enactment of proposed truth-in-lending legislation. p. 1582

HOUSE

8. RESEARCH. Received from the Science and Astronautics Committee a report on the National Science Foundation, its present and future (H. Rept. 1236). p. 1649
9. FOREIGN AID. Several Representatives discussed the merits of the foreign aid program. pp. 1624, 1630, 1633-34, 1635
10. NATURAL RESOURCES. Rep. Tenzer commended and inserted the text of a TV series, "Youth Wants To Know," including questions and answers on the conservation of our natural resources. pp. 1624-27
Rep. Pepper commended and inserted an address by the secretary of state of Florida on the importance of our waterways. pp. 1639-41
11. ECONOMICS. Rep. Stalbaum stated that "the country is strong enough to carry on its overseas commitments and its domestic programs" and inserted an article, "The American Miracle- Guns-and-Butter Economy." pp. 1628-29
12. TVA. Received a GAO report on examination of financial statements, fiscal year 1965, Tennessee Valley Authority (H. Doc. 373). p. 1649

FOREIGN AID

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

FOREIGN AID

FEBRUARY 1, 1966.—Referred to the Committee on Foreign Affairs and ordered to be printed

To the Congress of the United States:

I recommend a foreign aid program to help those nations who are determined to help themselves.

I recommend a program to help give the people of the less developed world the food, the health, the skills, and education—and the strength—to lead their nations to self-sufficient lives of plenty and freedom.

I propose to carry forward the best of what we are now doing in the less developed world, and cut out the worst. I also propose to make the basic changes the times demand.

My recommendations are grounded in the deep conviction that we must use foreign assistance to attack the root causes of poverty. We must concentrate on countries not hostile to us that give solid evidence that they are determined to help themselves.

This is the lesson of the past. It is the hope for the future. It is the guiding principle for a nation ready and willing to cooperate with the industrious, but unwilling to subsidize those who do not assume responsibility for their own fate.

During the past year I have given our foreign assistance program the most sober and searching review. I have questioned the merit of each program. Special groups have concentrated on the particular areas of food, education, and health. A Cabinet committee has examined the details of our general economic and military assistance.

Thus, the steps I recommend today have been developed in the light of advice from senior officials in the executive branch, congressional leaders, and experienced advisers from outside Government. They also have been developed with full recognition of our balance-of-payments situation. They emerge from a rigorous examination of our past experience. They are informed by compassion and shaped by the history of two decades. They are the proof of our devotion to the works of peace. They reflect our vision of a world free from fear and ripe with opportunity. They will shape the legacy we leave our children.

I

The quest for peace is as old as mankind.

For countless centuries man struggled to secure first his home, then his village, then his city. It is the unique heritage of our century that men must strive for a secure world.

Peace, plenty, freedom—our fathers aspired to these as we do now. But the fateful truth of our age is that all our personal and national hopes hang in a balance affected by events and attitudes half a world away.

We have paid a fearful price to learn the folly of isolation. We have learned that the human misery which infects whole nations with a thirst for violent change does not give way to mere slogans. We have learned that the works of peace require courage and foresight. The need knows neither national boundary nor narrow ideology.

We have demonstrated this understanding in many ways over the past two decades. Our military strength has protected many countries threatened by invasion from without or subversion from within. Our economic assistance programs have rebuilt Europe. We have helped untold millions to gain confidence in peaceful progress, where there has been neither peace nor progress for centuries.

We will never know how many crises have been averted, how much violence avoided, or how many minds have been won to the cause of freedom in these years. But I believe we have many such achievements to our credit.

Yet today the citizens of many developing nations walk in the shadow of misery: half the adults have never been to school; over half the people are hungry or malnourished; food production per person is falling; at present rates of growth, population will double before the year 2000.

These are the dominant facts of our age. They challenge our own security. They threaten the future of the world.

Our response must be bold and daring. It must go to the root causes of misery and unrest. It must build a firm foundation for progress, security, and peace.

II

Although we recognize the shortsightedness of isolation, we do not embrace the equally futile prospect of total and endless dependence. The United States can never do more than supplement the efforts of the developing countries themselves. They must supply most of the capital, the know-how—and the will to progress. If they do, we can and will help. If they do not, nothing we can supply will substitute. Nothing can replace resources wasted in political or military adventures.

For the essence of economic development is work—hard, unremitting, often thankless work. Most of it must be done by the people whose futures and whose children's futures are directly at stake.

Only these people and their leaders can—

Invest every possible resource in improved farming techniques, in school and hospital construction, and in critical industry;

Make the land reforms, tax changes, and other basic adjustments necessary to transform their societies;

Face the population problem squarely and realistically;

Create the climate which will attract foreign investment, and keep local money at home.

These are just a few of the steps on the road to modernization. They are far from easy. We would do well to remember how difficult many of them were for us. But they are absolutely necessary. Without them, outside help is wasted. Neither we nor they can afford waste, and we will not continue any partnership in which only we recognize that fact.

As I said last October, "Action, not promises, will be the standard of assistance." It must be clear that the principle of our assistance is cooperation. Those who do not fulfill their commitments to help themselves cannot expect help from us.

III

In this spirit of cooperation, I propose that the United States offer to join in new attacks upon the root causes of world poverty.

The incessant cycle of hunger, ignorance, and disease is the common blight of the developing world. This vicious pattern can be broken. It must be broken if democracy is to survive.

The problem of hunger is a continuing crisis. In many parts of the world we witness both the ravages of famine born of natural disaster and the failure of food production to keep pace with rising needs.

This is a catastrophe for all of us. It must be dealt with by all who can help. In many other countries food output is also falling behind population growth. We cannot meet the world food needs of the future, however willing we are to share our abundance. Nor would it serve the common interest if we could.

The solution is clear: an all-out effort to enable the developing countries to supply their own food needs, through their own production or through improved capacity to buy in the world market.

I will shortly send to the Congress a special message which will recommend new legislation to redirect and strengthen our food aid programs to induce greater agricultural self-help abroad; make food aid a more integrated element of general programs of economic cooperation; and move as quickly as our mutual interest permits toward harder financial terms, thereby adding to our commercial markets and a favorable balance-of-payments result.

In addition, I propose that the Agency for International Development increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States. The remainder will finance transfer of American farming techniques, the most ad-

anced in the world; improvement of roads, marketing, and irrigation facilities; establishment of extension services, cooperatives, and credit facilities; purchases of American farm equipment and pesticides; and research on soil and seed improvements.

These programs will also have long-range benefits for our own farmers. Higher incomes abroad mean greater exports for our highly efficient food producers.

To combat ignorance, I am proposing a major new effort in international education. I propose a 50-percent increase in AID education activities to a total of more than \$200 million. Shortly I will transmit to the Congress a special message proposing an International Education Act which will commit the United States to a campaign to spread the benefits of education to every corner of the earth. Nothing is more critical to the future of liberty and the fate of mankind.

To fight disease, I will shortly propose an International Health Act which will provide for extensive new programs at home and abroad.

We now have the capacity to eliminate smallpox from the list of man's natural enemies; to eradicate malaria in the Western Hemisphere and in large areas of Africa and Asia; and to relieve much of the suffering now caused by measles, cholera, rabies, and other epidemic diseases.

I will propose a two-thirds increase in fiscal year 1967 in AID support of health programs, to a total of more than \$150 million. In addition to financing disease eradication, we will step up our program to combat malnutrition. We will expand help to community water supply projects. We will finance the training of more doctors and nurses, needed for new health centers and mobile health units.

I also propose to provide nearly \$150 million in food-for-work programs, and more than \$100 million in contributions to international organizations to further support the war on hunger, ignorance, and disease.

IV

We stand ready to help developing countries deal with the population problem.

The United States cannot and should not force any country to adopt any particular approach to this problem. It is first a matter of individual and national conscience, in which we will not interfere.

But population growth now consumes about two-thirds of economic growth in the less developed world. As death rates are steadily driven down, the individual miracle of birth becomes a collective tragedy of want.

In all cases, our help will be given only upon request, and only to finance advisers, training, transportation, educational equipment, and local currency needs.

Population policy remains a question for each family and each nation to decide. But we must be prepared to help when decisions are made.

V

In many areas, the keys to economic and social development lie largely in the settling of old quarrels and the building of regional solidarity. Regional cooperation is often the best means of economic progress as well as the best guarantor of political independence.

I propose that we continue and enlarge our support of the institutions and organizations which create and preserve this unity.

Last April I pledged full U.S. support for regional programs to accelerate peaceful development in southeast Asia. We have already begun to implement this pledge by support to the Nam Ngum Dam in the Mekong Basin and to other projects.

In my legislative proposals, I am requesting new and specific authority to carry forward this support for regional progress. We must make it clear to friend and foe alike that we are as determined to support the peaceful growth of southeast Asia as we are to resist those who would conquer and subjugate it. These efforts in Asia will be further enhanced by the formation of the Asian Development Bank, which was the subject of my message to the Congress of January 18. I am confident that this Bank will be a major unifying force in the region, and a source of vital development capital invaluable to our mutual interests.

In Africa, we look forward to working closely with the new African Development Bank as its programs materialize.

We also look forward to progress toward an East African economic community and other subregional common markets on that massive continent. As these institutions and arrangements develop, the United States intends to make greater use of them as channels for our assistance. We will move in the direction of more regional administration of our bilateral programs.

We have recently extended our ongoing commitment to the Alliance for Progress, which includes strong support for the successful economic integration of Central America. The movement toward greater cooperation among all Latin American economies will gain momentum in the years ahead. It has our strong support.

The United States will support the proposal of the Inter-American Committee of the Alliance for Progress and the Inter-American Development Bank to establish a new fund for feasibility studies of multinational projects. These projects can be of enormous value to countries which share a river valley or another natural resource. They are sound combinations of good economics and good politics.

VI

I propose that the United States—in ways consistent with its balance-of-payments policy—increase its contributions to multilateral lending institutions, particularly the International Development Association. These increases will be conditional upon appropriate rises in contributions from other members. We are prepared immediately to support negotiations leading to agreements of this nature for submission to the Congress. We urge other advanced nations to join us in supporting this work.

The United States is a charter member and the largest single contributor to such institutions as the World Bank, the International Development Association, and the Inter-American Development Bank. This record reflects our confidence in the multilateral method of development finance and in the soundness of these institutions themselves. They are expert financiers, and healthy influences on the volume and terms of aid from other donors.

I propose that we increase our contributions to the United Nations development program, again subject to proportionate increases in

other contributions. This program merges United Nations technical assistance and preinvestment activities. It promises to be among the world's most valuable development instruments.

VII

We will expand our efforts to encourage private initiative and enterprise in developing countries. We have received very useful advice and guidance from the report of the distinguished Advisory Committee on Private Enterprise in Foreign Aid. Many of the recommendations of that report are now being put into effect.

We will review frankly and constructively with cooperating countries the obstacles to domestic and foreign private investment. We will continue to support elimination of inefficient controls; formation of cooperatives; training of labor and business leaders; and credit facilities and advisory services for small- and medium-sized farms and businesses.

The U.S. Government can do only a small part of the job of helping and encouraging businessmen abroad. We must rely more and more on the great reservoirs of knowledge and experience in our business and professional communities. These groups have already provided invaluable service and advice. We in Government must find ways to make even greater use of these priceless assets.

I propose to continue our support for the International Executive Service Corps and increase the AID authority to guarantee U.S. private investments in developing countries.

VIII

To signify the depth of our commitment to help those who help themselves, I am requesting 5-year authorizations for our military and economic aid programs.

For development loans and loans under the Alliance for Progress, this is merely a reaffirmation of the principle adopted by the Congress in 1961 and 1962. It will not impair the ability or the duty of the Congress to review these programs. Indeed, it will free the Congress from the burden of an annual renewal of basic legislation, and provide greater opportunity for concentration on policy and program issues.

Annual congressional consideration of both economic and military programs will be maintained through full annual presentations before the substantive committees, if they so desire, as well as through the annual appropriation process.

The military and economic authorization requests are contained in two separate bills. I believe this is a forward step in clarifying the goals and functions of these programs in the minds of the public and the Congress.

IX

I am requesting a total appropriation of \$2.469 million in fiscal year 1967 to finance programs of economic cooperation. As in the last 2 years, I am requesting the absolute minimum to meet presently foreseeable needs, with the understanding that I will not hesitate to request a supplemental appropriation if a clear need develops.

AID TO VIETNAM

The largest single portion of my request—\$550 million in supporting assistance—is to support our effort in Vietnam. Our help to the Government of Vietnam in carrying forward programs of village economic and social improvement is of crucial significance in maintaining public morale in the face of the horror of war. With the help of AID advisers, who often serve at great personal risk, the Vietnamese Government is patiently building the foundations of progress in the rural areas.

OTHER SUPPORTING ASSISTANCE

The remainder of my request—\$197 million—is for aid to countries whose security is directly threatened. This is concentrated in programs for Laos, Korea, and Thailand. Each country is a key link in our defense system. Each lives in the shadow of great and hostile powers. Each is well worth the investment.

ALLIANCE FOR PROGRESS

I am requesting a total of \$543 million in fiscal year 1967 appropriations for the countries cooperating in the Alliance for Progress. Of this total \$88 million will be used to finance technical cooperation.

At the Rio Conference, the United States announced its intention to support this great hemispheric effort beyond 1971. Our ultimate goal is a hemisphere of free nations, stable and just—prosperous in their economics and democratic in their politics.

We can cite many indications of heartening progress:

In 1965 alone, Chile settled about 4,000 families on their own land, about as many as had acquired land during the preceding 35 years;

Brazil, as a result of courageous economic policy decisions, has reduced its rate of inflation, restored its credit, encouraged private investment, and modernized many of its economic institutions;

In only 2 years, the five members of the Central American Common Market have increased intramarket trade by 123 percent.

These are not isolated or exceptional examples. The keynote of the Alliance for Progress has always been self-help. The pattern of our assistance—65 percent of which is concentrated in Brazil, Chile, and Colombia—demonstrates our determination to help those who help themselves.

Most heartening of all, a new generation has risen to leadership in Latin America as the Alliance for Progress has taken hold. These young men and women combine a belief in democratic ideals with a commitment to peaceful change and social justice. We are happy to welcome them as leaders of great nations in the community of freedom.

DEVELOPMENT LOANS

Nine-tenths of the \$665 million requested for this account is for five countries—India, Pakistan, Turkey, Korea, and Nigeria.

We have long recognized the importance to all the world of progress in the giant nations of south Asia. But in the past year we witnessed a tragic confrontation between India and Pakistan which forced us to

withhold all new assistance other than food. We will not allow our aid to subsidize an arms race between these two countries. Nor can we resume aid until we are reasonably certain that hostilities will not recur. The progress of reconciliation—first at the United Nations and then at Tashkent—holds promise that these two great countries have resolved on a course of peace. My request for development loan funds is made in the hope and belief that this promise will be fulfilled.

Turkey has continued her steady progress toward self-sustaining growth, and has remained a staunch NATO ally. She deserves our continued support.

Korea has made similar economic progress and has shown her dedication to the cause of freedom by supplying a full military division for service in Vietnam.

Nigeria has recently suffered a painful upheaval, but we are hopeful that she too will maintain her responsible and progressive course.

The uncertainties of world affairs permit no guarantees that these hopes will be fulfilled. But I do guarantee the Congress and the American people that no funds will be used in these or other countries without a clear case that such expenditures are in the interest of the United States.

TECHNICAL COOPERATION

This request—\$231 million—will finance American advisers and teachers who are the crucial forces in the attack on hunger, ignorance, disease, and the population problem. The dollar total is relatively small. But no appropriation is more critical. No purpose is more central.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

I am requesting \$140 million for these contributions in fiscal year 1967. The majority of these funds will support such efforts as the United Nations development program and the U.N. Children's Fund. The remainder represents our share of the cost of maintaining essential United Nations peacekeeping and relief activities in areas of tension and conflict.

OTHER

The remaining \$142 million of my request is distributed among the contingency fund, AID administrative expenses, and support of American schools and hospitals abroad.

XII

In making these requests, I assure the Congress that every effort will be extended to minimize the adverse impact on our balance of payments. I think the record is proof of the sincerity of these commitments.

AID procurement policies have been tightened to the point that, with minor and essential exceptions, all funds appropriated to AID must be spent in the United States for American goods and services. As a result, offshore expenditures of AID funds declined from \$1 billion in 1960 to \$533 million in 1964.

Further steps have been taken. I now expect that the figure will drop to about \$400 million in fiscal year 1967. Receipts are expected

to rise to \$186 million in fiscal year 1967, yielding a net outflow of only \$214 million.

XIII

I am transmitting the Military Assistance and Sales Act of 1966 as separate legislation. This new act will provide a 5-year authorization for the program which strengthens U.S. security by building the strength of others to deter and resist aggression.

The new act will provide—

Effective coordination between our economic and military programs.—I request the Congress to retain in the new act those provisions which place responsibility for continuous supervision and general direction of all military assistance programs in the Secretary of State.

Greater emphasis on self-help.—As with economic aid, we must condition our military aid upon commitments from recipients to make maximum contributions to the common defense.

Greater emphasis on civic action programs.—We shall give new stress to civic action programs through which local troops build schools and roads, and provide literacy training and health services. Through these programs, military personnel are able to play a more constructive role in their society, and to establish better relations with the civilian population.

Emphasis on training.—One of our most effective methods of building free world security is through the training provided foreign military personnel. Today, 8,500 foreign trainees come to this country each year and a similar number are trained at our service schools overseas. They return to their home countries with new professional skills and a new understanding of the role of the armed forces in a democratic society.

Continued shift from grant aid to military sales.—We will shift our military aid programs from grant to sales whenever possible—and without jeopardizing our security interests or progress of economic development. Military sales now exceed the dollar volume of the normal grant aid program. This not only makes a substantial favorable impact on the balance of payments, but it also demonstrates the willingness of our allies to carry an increasing share of their own defense costs.

* * *

I am requesting new obligational authority of \$917 million for military assistance in fiscal year 1967. This is the bare minimum required if we are to keep our commitments to our allies and friendly armed forces to provide the equipment and training essential to free world defense.

The military assistance request for fiscal year 1967 does not include funds for support of South Vietnamese and other allied forces who are engaged in the crucial struggle for freedom in that country. Financing for this effort will come directly from Department of Defense appropriations.

Almost three-fourths of the total program will go to countries adjacent to the borders of Soviet Russia and Communist China. The armed forces of such countries as Greece, Turkey, Iran, and the Republics of China and Korea are effective deterrents to aggression.

The balance of the funds will strengthen the capacity to maintain internal security in countries where instability and weakness can pave the way for subversion.

XIV

Americans have always built for the future. That is why we established land-grant colleges and passed the Homestead Act to open our western lands more than 100 years ago. That is why we adopted the progressive programs proposed by Woodrow Wilson and Franklin Roosevelt. That is why we are building the Great Society. And that is why we have a foreign assistance program.

We extend assistance to nations because it is in the highest traditions of our heritage and our humanity. But even more because we are concerned with the kind of world our children will live in. It can be a world where nations raise armies, where famine and disease and ignorance are the common lot of men, where the poor nations look on the rich with envy, bitterness, and frustration; where the air is filled with tension and hatred. Or it can be a world where each nation lives in independence, seeking new ways to provide a better life for its citizens: a world where the energies of its restless peoples are directed toward the works of peace; a world where people are free to build a civilization to liberate the spirit of man.

We cannot make such a world in one message, in one appropriation, or in one year. But we can work to do this with this appropriation in this year. And we must continue to build on the work of past years and begin to erase disease and hunger and ignorance from the face of the earth.

But the basic choice is up to the countries themselves. If that choice is for progress, we can and we must help. Our help can spell the difference between success and stagnation. We must stand ready to provide it when it is needed and when we have confidence that it will be well used.

This is the price and the privilege of world leadership.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *February 1, 1966.*



that the procedure which I have outlined would provide a minimum burden to bondsmen and that it could be followed within a relatively short time because U.S. Commissioners are available. We felt that it would protect the procedural due rights of the alleged bailee, as well as those of the bondsman's own interest and that it would serve the ends of justice.

Mr. ERVIN. Mr. President, as a part of the colloquy between the Senator from Maryland and myself, and subject to the unanimous-consent agreement, I commend the Senator from Maryland for his interest in this particular problem.

In common with a major segment of the American people, I was very much outraged by the event to which the Senator from Maryland has alluded.

The right of bail to an apprehended person arose in the common law which prevailed in England. There is quite a difference, I think, between the situation in England and the situation in America, in that England is a common jurisdiction, and, in America, we have separate jurisdictions of the States.

I had contemplated introducing a bill to make the taking of a principal by a bail bondsman under the circumstances indicated by the press in respect to this incident, a Federal crime. However, I think that the approach which the Senator from Maryland takes to this matter is probably a more desirable approach because it does recognize that the bondsmen have an economic interest in the apprehension of the principal. It also recognizes that the principal has certain rights under the due process clause of the 14th amendment, as well as under the due process laws of the State in which he is seized by his bondsman.

I assure the Senator from Maryland that I am very sympathetic toward his bill and I shall do all I can to obtain speedy action on it in the committee.

Mr. TYDINGS. I thank the Senator.

During the delivery of Mr. ERVIN's speech,

The VICE PRESIDENT. Will the Senator from North Carolina be kind enough to yield to the Chair for announcements?

Mr. ERVIN. I yield for that purpose.

APPOINTMENTS BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair appoints Senator INOUE to attend the United States-Mexico Interparliamentary meetings, to be held February 9-16 in Washington, Philadelphia, and San Francisco, in lieu of Senator METCALF, resigned.

The Chair also appoints Senators MORSE and JAVIER to attend the fourth meeting of the Inter-American Economic and Social Council at the Ministerial Level, Buenos Aires, Argentina, convening during the fourth week in March 1966.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Jones, one of his secretaries.

MESSAGES FROM THE PRESIDENT

The VICE PRESIDENT. The Chair lays before the Senate three messages from the President of the United States—on tariff, on foreign aid, and Employees Training Act of 1958. Without objection, they will be printed in the RECORD, without being read, and appropriately referred.

The messages from the President were referred as follows:

To the Committee on Finance:

SEPARATE CLASSIFICATION IN TARIFF SCHEDULES FOR CERTAIN TEXTURED OR TEXTURIZED YARNS

To the Congress of the United States:

I am transmitting herewith, in accordance with section 2 of Public Law 89-229, a report concerning the feasibility and desirability of separate classification in the tariff schedules of the United States for those articles of manmade fibers commonly referred to as textured or texturized yarns.

The report concludes that such separate tariff classification for textured yarns is feasible but not desirable in view of the current situation.

Textured yarn production in the United States has been rising steadily in recent years, from 74 million pounds in 1960 to over 250 million pounds in 1965. During this period, the independent throwster industry, which processes a major portion of textured yarn, has had rising employment. At the same time, imports have been declining. The Tariff Commission has estimated that the annual imports of textured yarns declined from more than 2 million pounds in 1962 to less than 1 million pounds in 1965, representing less than one-half of 1 percent of the domestic market.

However, the representatives of the domestic industry have argued that a serious threat of injury looms in the future. In part because of this concern, the report recommends that more accurate import data for textured yarns be provided in the future, so that Congress, the executive branch, and the industry can keep close watch on import levels and consider additional measures should they be warranted. I am therefore directing that steps be taken to obtain more accurate data on imports of textured yarns.

I am also transmitting for the information of the Congress the report of the Tariff Commission on textured yarns which I requested.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

To the Committee on Foreign Relations:

FOREIGN AID PROGRAM (H. DOC. NO. 374)

To the Congress of the United States:

I recommend a foreign aid program to help those nations who are determined to help themselves.

I recommend a program to help give the people of the less developed world the food, the health, the skills and education—and the strength—to lead their nations to self-sufficient lives of plenty and freedom.

I propose to carry forward the best of what we are now doing in the less developed world, and cut out the worst. I also propose to make the basic changes the times demand.

My recommendations are grounded in

the deep conviction that we must use foreign assistance to attack the root causes of poverty. We must concentrate on countries not hostile to us that give solid evidence that they are determined to help themselves.

This is the lesson of the past. It is the hope for the future. It is the guiding principle for a nation ready and willing to cooperate with the industrious, but unwilling to subsidize those who do not assume responsibility for their own fate.

During the past year I have given our foreign assistance program the most sober and searching review. I have questioned the merit of each program. Special groups have concentrated on the particular areas of food, education, and health. A Cabinet committee has examined the details of our general economic and military assistance.

Thus, the steps I recommend today have been developed in the light of advice from senior officials in the executive branch, congressional leaders, and experienced advisers from outside Government. They also have been developed with full recognition of our balance-of-payments situation.

They emerge from a rigorous examination of our past experience.

They are informed by compassion and shaped by the history of two decades.

They are the proof of our devotion to the works of peace.

They reflect our vision of a world free from fear and ripe with opportunity.

They will shape the legacy we leave our children.

I

The quest for peace is as old as mankind.

For countless centuries man struggled to secure first his home, then his village, then his city. It is the unique heritage of our century that men must strive for a secure world.

Peace, plenty, freedom—our fathers aspired to these as we do now. But the fateful truth of our age is that all our personal and national hopes hang in a balance affected by events and attitudes half a world away.

We have paid a fearful price to learn the folly of isolation. We have learned that the human misery which infects whole nations with a thirst for violent change does not give way to mere slogans. We have learned that the works of peace require courage and foresight. The need knows neither national boundary nor narrow ideology.

We have demonstrated this understandings in many ways over the past two decades. Our military strength has protected many countries threatened by invasion from without or subversion from within. Our economic assistance programs have rebuilt Europe. We have helped untold millions to gain confidence in peaceful progress, where there has been neither peace nor progress for centuries.

We will never know how many crises have been averted, how much violence avoided, or how many minds have been won to the cause of freedom in these years. But I believe we have many such achievements to our credit.

Yet today the citizens of many developing nations walk in the shadow of misery: half the adults have never been

to school; over half the people are hungry or malnourished; food production per person is falling; at present rates of growth, population will double before the year 2000.

These are the dominant facts of our age. They challenge our own security. They threaten the future of the world.

Our response must be bold and daring. It must go to the root causes of misery and unrest. It must build a firm foundation for progress, security, and peace.

II

Although we recognize the shortsightedness of isolation, we do not embrace the equally futile prospect of total and endless dependence. The United States can never do more than supplement the efforts of the developing countries themselves. They must supply most of the capital, the know-how—and the will to progress. If they do we can and will help. If they do not, nothing we can supply will substitute. Nothing can replace resources wasted in political or military adventures.

For the essence of economic development is work—hard, unrelenting, often thankless work. Most of it must be done by the people whose futures and whose children's futures are directly at stake.

Only these people and their leaders can invest every possible resource in improved farming techniques, in school and hospital construction, and in critical industry; make the land reforms, tax changes, and other basic adjustments necessary to transform their societies; face the population problem squarely and realistically; create the climate which will attract foreign investment, and keep local money at home.

These are just a few of the steps on the road to modernization. They are far from easy. We would do well to remember how difficult many of them were for us. But they are absolutely necessary. Without them, outside help is wasted. Neither we nor they can afford waste, and we will not continue any partnership in which only we recognize that fact.

As I said last October, "Action, not promises, will be the standard of assistance." It must be clear that the principle of our assistance is cooperation. Those who do not fulfill their commitments to help themselves cannot expect help from us.

III

In this spirit of cooperation, I propose that the United States offer to join in new attacks upon the root causes of world poverty.

The incessant cycle of hunger, ignorance, and disease is the common blight of the developing world. This vicious pattern can be broken. It must be broken if democracy is to survive.

The problem of hunger is a continuing crisis. In many parts of the world we witness both the ravages of famine born of natural disaster and the failure of food production to keep pace with rising needs.

This is a catastrophe for all of us. It must be dealt with by all who can help. In many other countries food output is also falling behind population growth. We cannot meet the world food needs of

the future, however willing we are to share our abundance. Nor would it serve the common interest if we could.

The solution is clear: an all-out effort to enable the developing countries to supply their own food needs, through their own production or through improved capacity to buy in the world market.

I will shortly send to the Congress a special message which will recommend new legislation to redirect and strengthen our food aid programs to induce greater agricultural self-help abroad; make food aid a more integrated element of general programs of economic cooperation; move as quickly as our mutual interests permit toward harder financial terms, thereby adding to our commercial markets and a favorable balance-of-payments result.

In addition, I propose that the Agency for International Development increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States. The remainder will finance transfer of American farming techniques, the most advanced in the world; improvement of roads, marketing and irrigation facilities; establishment of extension services, cooperatives and credit facilities; purchases of American farm equipment and pesticides; research on soil and seed improvements.

These programs will also have long-range benefits for our own farmers. Higher incomes abroad mean greater exports for our highly efficient food producers.

To combat ignorance, I am proposing a major new effort in international education. I propose a 50-percent increase in AID education activities to a total of more than \$200 million. Shortly I will transmit to the Congress a special message proposing an International Education Act which will commit the United States to a campaign to spread the benefits of education to every corner of the earth. Nothing is more critical to the future of liberty and the fate of mankind.

To fight disease, I will shortly propose an International Health Act which will provide for extensive new programs at home and abroad.

We now have the capacity to eliminate smallpox from the list of man's natural enemies; to eradicate malaria in the Western Hemisphere and in large areas of Africa and Asia; and to relieve much of the suffering now caused by measles, cholera, rabies, and other epidemic diseases.

I will propose a two-thirds increase in fiscal year 1967 in AID support of health programs, to a total of more than \$150 million. In addition to financing disease eradication, we will step up our program to combat malnutrition. We will expand help to community water supply projects. We will finance the training of more doctors and nurses, needed for new health centers and mobile health units.

I also propose to provide nearly \$150 million in food-for-work programs, and more than \$100 million in contributions to international organizations to further

support the war on hunger, ignorance, and disease.

IV

We stand ready to help developing countries deal with the population problem.

The United States cannot and should not force any country to adopt any particular approach to this problem. It is first a matter of individual and national conscience, in which we will not interfere.

But population growth now consumes about two-thirds of economic growth in the less developed world. As death rates are steadily driven down, the individual miracle of birth becomes a collective tragedy of want.

In all cases, our help will be given only upon request, and only to finance advisers, training, transportation, educational equipment, and local currency needs.

Population policy remains a question for each family and each nation to decide. But we must be prepared to help when decisions are made.

V

In many areas, the keys to economic and social development lie largely in the settling of old quarrels and the building of regional solidarity. Regional cooperation is often the best means of economic progress as well as the best guarantor of political independence.

I propose that we continue and enlarge our support of the institutions and organizations which create and preserve this unity.

Last April I pledged full U.S. support for regional programs to accelerate peaceful development in southeast Asia. We have already begun to implement this pledge by support to the Nam Ngum Dam in the Mekong Basin and to other projects.

In my legislative proposals, I am requesting new and specific authority to carry forward this support for regional progress.

We must make it clear to friend and foe alike that we are as determined to support the peaceful growth of southeast Asia as we are to resist those who would conquer and subjugate it.

These efforts in Asia will be further enhanced by the formation of the Asian Development Bank, which was the subject of my message to the Congress of January 18. I am confident that this Bank will be a major unifying force in the region, and a source of vital development capital invaluable to our mutual interests.

In Africa, we look forward to working closely with the new African Development Bank as its programs materialize.

We also look forward to progress toward an East African economic community and other subregional common markets on that massive continent. As these institutions and arrangements develop, the United States intends to make greater use of them as channels for our assistance. We will move in the direction of more regional administration of our bilateral programs.

We have recently extended our ongoing commitment to the Alliance for Progress, which includes strong support

for the successful economic integration of Central America. The movement toward greater cooperation among all Latin American economies will gain momentum in the years ahead. It has our strong support.

The United States will support the proposal of the Inter-American Committee of the Alliance for Progress and the Inter-American Development Bank to establish a new fund for feasibility studies of multinational projects. These projects can be of enormous value to countries which share a river valley or another natural resource. They are sound combinations of good economics and good politics.

VI

I propose that the United States—in ways consistent with its balance-of-payments policy—increase its contributions to multilateral lending institutions, particularly the International Development Association. These increases will be conditional upon appropriate rises in contributions from other members. We are prepared immediately to support negotiations leading to agreements of this nature for submission to the Congress. We urge other advanced nations to join us in supporting this work.

The United States is a charter member and the largest single contributor to such institutions as the World Bank, the International Development Association, and the Inter-American Development Bank. This record reflects our confidence in the multilateral method of development finance and in the soundness of these institutions themselves. They are expert financiers, and healthy influences on the volume and terms of aid from other donors.

I propose that we increase our contributions to the United Nations development program, again subject to proportionate increases in other contributions. This program merges United Nations technical assistance and preinvestment activities. It promises to be among the world's most valuable development instruments.

VII

We will expand our efforts to encourage private initiative and enterprise in developing countries. We have received very useful advice and guidance from the report of the distinguished Advisory Committee on Private Enterprise in Foreign Aid. Many of the recommendations of that report are now being put into effect.

We will review frankly and constructively with cooperating countries the obstacles to domestic and foreign private investment. We will continue to support elimination of inefficient controls; formation of cooperatives; training of labor and business leaders; credit facilities and advisory services for small- and medium-sized farms and businesses.

The U.S. Government can do only a small part of the job of helping and encouraging businessmen abroad. We must rely more and more on the great reservoirs of knowledge and experience in our business and professional communities. These groups have already provided invaluable service and advice.

We in Government must find ways to make even greater use of these priceless assets.

I propose to: continue our support for the International Executive Service Corps; increase the AID authority to guarantee U.S. private investments in developing countries.

VIII

To signify the depth of our commitment to help those who help themselves, I am requesting 5-year authorizations for our military and economic aid programs.

For development loans and loans under the Alliance for Progress, this is merely a reaffirmation of the principle adopted by the Congress in 1961 and 1962. It will not impair the ability or the duty of the Congress to review these programs. Indeed, it will free the Congress from the burden of an annual renewal of basic legislation, and provide greater opportunity for concentration on policy and program issues.

Annual congressional consideration of both economic and military programs will be maintained through full annual presentations before the substantive committees, if they so desire, as well as through the annual appropriation process.

The military and economic authorization requests are contained in two separate bills. I believe this is a forward step in clarifying the goals and functions of these programs in the minds of the public and the Congress.

IX

I am requesting a total appropriation of \$2,469 million in fiscal year 1967 to finance programs of economic cooperation. As in the last 2 years, I am requesting the absolute minimum to meet presently foreseeable needs, with the understanding that I will not hesitate to request a supplemental appropriation if a clear need develops.

Aid to Vietnam: The largest single portion of my request—\$550 million in supporting assistance—is to support our effort in Vietnam. Our help to the Government of Vietnam in carrying forward programs of village economic and social improvement is of crucial significance in maintaining public morale in the face of the horror of war. With the help of AID advisers, who often serve at great personal risk, the Vietnamese Government is patiently building the foundations of progress in the rural areas.

Other supporting assistance: The remainder of my request—\$197 million—is for aid to countries whose security is directly threatened. This is concentrated in programs for Laos, Korea, and Thailand. Each country is a key link in our defense system. Each lives in the shadow of great and hostile powers. Each is well worth the investment.

Alliance for Progress: I am requesting a total of \$543 million in fiscal year 1967 appropriations for the countries cooperating in the Alliance for Progress. Of this total \$88 million will be used to finance technical cooperation.

At the Rio Conference, the United States announced its intention to support this great hemispheric effort beyond

1971. Our ultimate goal is a hemisphere of free nations, stable and just—prosperous in their economics and democratic in their politics.

We can cite many indications of heartening progress:

In 1965 alone Chile settled about 4,000 families on their own land, about as many as had acquired land during the preceding 35 years;

Brazil, as a result of courageous economic policy decisions, has reduced its rate of inflation, restored its credit, encouraged private investment, and modernized many of its economic institutions;

In only 2 years, the five members of the Central American Common Market have increased intramarket trade by 123 percent.

These are not isolated or exceptional examples. The keynote of the Alliance for Progress has always been self-help. The pattern of our assistance—65 percent of which is concentrated in Brazil, Chile, and Colombia—demonstrates our determination to help those who help themselves.

Most heartening of all, a new generation has risen to leadership in Latin America as the Alliance for Progress has taken hold. These young men and women combine a belief in democratic ideals with a commitment to peaceful change and social justice. We are happy to welcome them as leaders of great nations in the community of freedom.

Development loans: Nine-tenths of the \$665 million requested for this account is for five countries—India, Pakistan, Turkey, Korea, and Nigeria.

We have long recognized the importance to all the world of progress in the giant nations of South Asia. But in the past year we witnessed a tragic confrontation between India and Pakistan which forced us to withhold all new assistance other than food. We will not allow our aid to subsidize an arms race between these two countries. Nor can we resume aid until we are reasonably certain that hostilities will not recur. The progress of reconciliation—first at the United Nations and then at Tashkent—holds promise that these two great countries have resolved on a course of peace. My request for development loan funds is made in the hope and belief that this promise will be fulfilled.

Turkey has continued her steady progress toward self-sustaining growth, and has remained a staunch NATO ally. She deserves our continued support.

Korea has made similar economic progress and has shown her dedication to the cause of freedom by supplying a full military division for service in Vietnam.

Nigeria has recently suffered a painful upheaval, but we are hopeful that she too will maintain her responsible and progressive course.

The uncertainties of world affairs permit no guarantees that these hopes will be fulfilled. But I do guarantee the Congress and the American people that no funds will be used in these or other countries without a clear case that such expenditures are in the interest of the United States.

Technical cooperation: This request—\$231 million—will finance American advisers and teachers who are the crucial forces in the attack on hunger, ignorance, disease, and the population problem. The dollar total is relatively small. But no appropriation is more critical. No purpose is more central.

Contributions to international organizations: I am requesting \$140 million for these contributions in fiscal year 1967. The majority of these funds will support such efforts as the United Nations development program and the U.N. Children's Fund. The remainder represents our share of the cost of maintaining essential United Nations peace-keeping and relief activities in areas of tension and conflict.

Other: The remaining \$142 million of my request is distributed among the contingency fund, AID administrative expenses, and support of American schools and hospitals abroad.

XII

In making these requests, I assure the Congress that every effort will be extended to minimize the adverse impact on our balance of payments. I think the record is proof of the sincerity of these commitments.

AID procurement policies have been tightened to the point that, with minor and essential exceptions, all funds appropriated to AID must be spent in the United States for American goods and services. As a result, offshore expenditures of AID funds declined from \$1 billion in 1960 to \$533 million in 1964.

Further steps have been taken. I now expect that the figure will drop to about \$400 million in fiscal year 1967. Receipts are expected to rise to \$186 million in fiscal year 1967, yielding a net outflow of only \$214 million.

XIII

I am transmitting the Military Assistance and Sales Act of 1966 as separate legislation. This new act will provide a 5-year authorization for the program which strengthens U.S. security by building the strength of others to deter and resist aggression.

The new act will provide:

Effective coordination between our economic and military programs: I request the Congress to retain in the new act those provisions which place responsibility for continuous supervision and general direction of all military assistance programs in the Secretary of State.

Greater emphasis on self-help: As with economic aid, we must condition our military aid upon commitments from recipients to make maximum contributions to the common defense.

Greater emphasis on civic action programs: We shall give new stress to civic action programs through which local troops build schools and roads, and provide literacy training and health services. Through these programs, military personnel are able to play a more constructive role in their society, and to establish better relations with the civilian population.

Emphasis on training: One of our most effective methods of building free world security is through the training provided foreign military personnel.

Today, 8,500 foreign trainees come to this country each year and a similar number are trained at our service schools overseas. They return to their home countries with new professional skills and a new understanding of the role of the armed forces in a democratic society.

Continued shift from grant aid to military sales: We will shift our military aid programs from grant to sales whenever possible—and without jeopardizing our security interests or progress of economic development. Military sales now exceed the dollar volume of the normal grant aid program. This not only makes a substantial favorable impact on the balance of payments, but it also demonstrates the willingness of our allies to carry an increasing share of their own defense costs.

I am requesting new obligational authority of \$917 million for military assistance in fiscal year 1967. This is the bare minimum required if we are to keep our commitments to our allies and friendly armed forces to provide the equipment and training essential to free world defense.

The military assistance request for fiscal year 1967 does not include funds for support of South Vietnamese and other allied forces who are engaged in the crucial struggle for freedom in that country. Financing for this effort will come directly from Department of Defense appropriations.

Almost three-fourths of the total program will go to countries adjacent to the borders of Soviet Russia and Communist China. The armed forces of such countries as Greece, Turkey, Iran, and the Republics of China and Korea are effective deterrents to aggression. The balance of the funds will strengthen the capacity to maintain internal security in countries where instability and weakness can pave the way for subversion.

XIV

Americans have always built for the future.

That is why we established land-grant colleges and passed the Homestead Act to open our western lands more than 100 years ago.

That is why we adopted the progressive programs proposed by Woodrow Wilson and Franklin Roosevelt.

That is why we are building the Great Society.

And that is why we have a foreign assistance program.

We extend assistance to nations because it is in the highest traditions of our heritage and our humanity. But even more, because we are concerned with the kind of world our children will live in.

It can be a world where nations raise armies, where famine and disease and ignorance are the common lot of men, where the poor nations look on the rich with envy, bitterness, and frustration; where the air is filled with tension and hatred.

Or it can be a world where each nation lives in independence, seeking new ways to provide a better life for its citizens: a world where the energies of its restless peoples are directed toward the

works of peace; a world where people are free to build a civilization to liberate the spirit of man.

We cannot make such a world in one message, in one appropriation, or in one year. But we can work to do this with this appropriation in this year. And we must continue to build on the work of past years and begin to erase disease and hunger and ignorance from the face of the earth.

But the basic choice is up to the countries themselves. If that choice is for progress, we can and we must help. Our help can spell the difference between success and stagnation. We must stand ready to provide it when it is needed and when we have confidence that it will be well used.

This is the price and the privilege of world leadership.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

To the Committee on Post Office and Civil Service:

REPORT ON GOVERNMENT EMPLOYEES TRAINING ACT

To the Congress of the United States:

As required by section 18(c) of the Government Employees Training Act (Public Law 85-507, approved July 7, 1958), I am transmitting forms supplying information on those employees who, during fiscal year 1965, participated in training in non-Government facilities in courses that were over one hundred and twenty days in duration and those employees who received training in non-Government facilities as the result of receiving an award or contribution.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

During the delivery of Mr. ERVIN's speech,

Mr. ERVIN. Mr. President, I ask unanimous consent that I may yield to the able and distinguished Senator from Ohio [Mr. LAUSCHE] for the purpose of introducing an amendment on a joint resolution and making such observations and statements and propounding such inquiries in reference thereto as he may desire, under the following circumstances: First, that my act in so yielding to him will not impair in any way my right to the floor; and second, that any remarks I may have to make subsequent to so yielding will not be counted as a second speech under any rule of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AMENDMENT TO RESOLUTION PROPOSING THAT THE CONSTITUTION OF THE UNITED STATES BE AMENDED TO PROVIDE 4-YEAR TERMS FOR MEMBERS OF THE HOUSE OF REPRESENTATIVES

Mr. LAUSCHE. Mr. President, I introduce, for appropriate reference, a joint resolution proposing an amendment to the Constitution of the United States providing 4-year terms for Members of the House of Representatives. I will not vote in favor of the 4-year term for Members of the House of Representatives unless:

What we are now witnessing is the American economic miracle and, since the Nation is now into the sixth year without recession, it is time to recognize that this miracle is not accidental.

At a time when communism is still claiming it is the wave of the future—though neither in Red China nor in the Soviet Union can Communist agriculture feed its own people—maybe competitive private enterprise has something to be said for it.

We must be doing something right.

When President Eisenhower submitted a 1958-59 budget of \$12 billion, Secretary of the Treasury George Humphrey screamed at the White House that such a spending binge would "bring on a recession that would curl your hair." It didn't.

The \$112.8 billion budget Mr. Johnson presented to Congress this week is a big budget but, because of the vigor and growth of the economy, it does not dangerously strain the resources of the Nation.

Eisenhower's \$72 billion was often cited as the biggest peacetime budget ever. But it wasn't. Not that it wasn't the biggest to that moment, but it wasn't a peacetime budget. It was a peace-plus-cold-war budget.

And Mr. Johnson's \$112.8 billion is not a peacetime budget. It is a peace-plus-cold-war-plus-hot-war budget and the President put his finger on its economic soundness when he pointed out in his economic message that, while our defense needs are great, our economic growth is far greater.

There is no doubt that there are large uncertainties in the budget. The uncertainties are the war-cost estimates and the revenue estimates. They could both be wrong. They usually are.

If they prove to be, the President will have to propose higher taxes and cutting back some homefront spending to hold inflation in check.

NEED FOR BAIL REFORM

(Mr. SCHWEIKER asked and was given permission to address the House for 1 minute.)

Mr. SCHWEIKER. Mr. Speaker, I introduce today a bill which will establish for the first time a formal statutory removal procedure to be followed by bail bondsmen and supervised by U.S. judicial officers in the State to which an alleged bail jumper has moved. It is a simplified form of the current extradition process and requires that bondsmen procure an arrest warrant from a U.S. commissioner or U.S. judge and then bring the bailee before that official for a hearing. The Federal officer would issue a removal warrant to the bondsman only after he had satisfied himself that the accused was the person sought, that he had been admitted to bail in another State and had violated the provisions of that bail, and that the bondsman is a valid representative of the bonding company. If the removal warrant was issued, the accused would have to be returned promptly to the State from which he had fled. Bondsmen who fail to comply with these provisions of my bill would be subject to a fine of not more than \$5,000, or imprisonment for not more than 2 years, or both.

The dangers of the present system have been made clear by the actions of bondsmen in a recent episode involving one of my constituents. Presently, convicted criminals that escape have more rights than alleged bail jumpers who have not been convicted of any crime.

At present, the law does not prescribe procedures in this field. In fact, bondsmen today base their actions on a Supreme Court decision handed down in 1872. I believe that the due process of the law can only be assured by enactment of this bill. It will merely require bondsmen to follow the same procedures now used by policemen under similar circumstances. Presently, bondsmen enjoy special powers not given even to the police. I feel that it is imperative that the operations of bail bondsmen engaged in recovering fugitives in another State must be subject to the careful supervision of the courts to protect the basic rights of all concerned.

I am pleased to be joined in this effort by my colleague, Senator TYDINGS, who is introducing this bill today in the Senate.

(Mr. SCHWEIKER asked and was given permission to revise and extend his remarks.)

BENEFITS FOR VETERANS OF CURRENT MILITARY SERVICE

(Mr. ADAIR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADAIR. Mr. Speaker, much concern has been expressed in recent months over the benefits that were available to veterans of current military service. These men are, of course, entitled to many of the benefits that our grateful Nation has bestowed upon its war veterans. Two notable exceptions, however, are educational benefits and hospitalization for the treatment of non-service connected disabilities.

I have introduced a bill to authorize educational benefits for veterans of service after January 31, 1955, and I anticipate that my colleagues in the House of Representatives will soon have an opportunity to vote on a bill on this subject.

I am today introducing a bill making veterans with service after January 31, 1955, also eligible for hospitalization for non-service-connected disabilities on the same basis as veterans of a period of war. We have all seen instances, Mr. Speaker, of men who were separated for disabilities which the Veterans' Administration holds are not service connected. These men, in many instances, are unable to establish the fact that their disabilities originated in service. When they require treatment for such conditions, the existing law prohibits it.

It is my understanding that the Veterans' Administration will accept a veteran applicant for treatment in one of its hospitals until such time as service connection is either established or ruled out. The bill I am introducing today will provide statutory entitlement to this hospitalization with the same limitations regarding the veteran's ability to pay and the availability of a bed as is contained in existing law for war veterans. I urge my colleagues to join in support of this measure.

VIETNAM

(Mr. BRAY asked and was given permission to address the House for 1 min-

ute and to revise and extend his remarks.)

Mr. BRAY. Mr. Speaker, the President has stated some of the compelling reasons that the United States is again using air power against the Vietcong and their North Vietnamese supporters.

He could have told in more detail how much the bombing pause has allowed the Vietcong to increase their supplies and strengthen their resources. There is no question but that the Vietcong have benefited from a buildup in supplies during the bombing pause. How much this may lengthen the war and how much it will cost in lives no one can say.

This was a decision of the President, and only time will tell whether the pause contributed to finding a peaceful solution to the Vietnamese problem.

What has been most disturbing is the public appeals of several prominent Senators to continue the bombing pause. I do not question the right of these representatives to voice their dissent to the policies of the President, even though they are of his party, but to publicly ask for an extension of the pause after he had already told congressional leaders of the compelling arguments for resumption of the bombing could serve little purpose here and was misinterpreted abroad.

Everytime a prominent American suggests a softening of our policy in Vietnam unfortunate consequences follow in Asia. Our friends, the South Vietnamese, are constantly concerned that that United States will pull out of Vietnam and leave them to the retaliation of the Vietcong.

The North Vietnamese and the Chinese take each such statement as further proof that our strength is ebbing and our determination is weak.

The most important factor in bringing the Communists to negotiations is to convince them that we are absolutely determined to see the problem through to a reasonable solution. If they think we are about to withdraw or give up, such misconceptions will only prolong the fighting, causing more American servicemen to be killed, and hamper efforts to find a peaceful solution.

Consequently for several Senators to publicly pressure the President on this subject, even after the decision to resume had been made, was a move unwise in conception and harmful in execution.

If further debate is to be had on this subject, let us try to keep it within the realm of matters which can still be changed, and let us try to phrase our questions in such a way as to leave no doubt of our firm resolution.

CONGRESSIONAL DISTRICTING

(Mr. MATHIAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATHIAS. Mr. Speaker, I would like to call the attention of the House to some statistics which I placed in the RECORD on Thursday last, January 27, 1966, which appear on page 1307 of the RECORD. These figures are startling when the proximity of the 1966 congress-

sional primary and general elections is considered.

In my remarks I have pointed out that more than 25 percent of the Members of this House will be affected if a congressional districting bill, already passed here and amended and now pending in the other body, is enacted into law to bring congressional districts to within 10 percent of each other in population. One-fourth of the districts represented in this House would have to be altered to conform to that legislation, and although its effective date may be postponed, its provisions could be influential with legislatures now discussing congressional redistricting.

Mr. Speaker, in my compilation of statistics on that subject I have used the figures which existed in North Carolina prior to the very recent redistricting in that State.

I would like further permission, Mr. Speaker, to note that the figures used in my previous remarks must be adjusted as necessary to reflect the changes in North Carolina districts.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON VETERANS' AFFAIRS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may have until midnight tonight to file certain reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE FOREIGN AID PROGRAM

(Mr. HAYS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYS. Mr. Speaker, I have supported the foreign aid program for 17 years, sometimes somewhat reluctantly, but at the same time I have felt free to criticize the foreign aid administration when I thought they were wrong. They do not like criticism, and consequently I was not one of those who got an advance notice of what they are proposing in a new foreign aid program, nor was I one of those invited down for a briefing yesterday. But if what I hear around the floor is correct, it has taken them 6 or 7 years to approach what I have been suggesting that they do for a long time, and that is quit trying to industrialize emerging nations, nations which have no basis for industrialization, no technical know-how, and no skilled personnel.

We should try to concentrate upon the basic things, namely, teaching them how to feed themselves and how to produce enough food so that they will not be on a starvation diet, and how to start with very basic and elementary education. If the AID agency is sincere in trying to carry forward a program like this, I might find it possible to support foreign aid for the 18th time. But having watched them in action, I will be very

careful to scrutinize their requests and ask questions, even if it is at the risk of being left out of the briefings. I think I will be able to survive and get the information anyway.

THE FOREIGN GIVEAWAY

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I wondered where one of the previous speakers got so much information about the President's foreign aid program in view of the fact that the White House message has not been read. The gentleman from Ohio, my friend Mr. HAYS, throws some light on the subject. Apparently it was at a closed-door meeting at the White House yesterday.

I would hope that the President, if he is going to ask for a 5-year foreign giveaway program, would let a few more of us in on the takeoff as well as the landings.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am happy to yield to the gentleman from Ohio.

Mr. HAYS. I was not concerned about not being invited to the briefing. I just hope that they do not take me off the list when they have food down there. That is what I like to know about.

Mr. GROSS. I was not personally concerned about it either, but I do think that perhaps others ought to be in on the takeoffs as they are staged.

THE FOREIGN AID PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 374)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I recommend a foreign aid program to help those nations who are determined to help themselves.

I recommend a program to help give the people of the less developed world the food, the health, the skills and education—and the strength—lead their nations to self-sufficient lives of plenty and freedom.

I propose to carry forward the best of what we are now doing in the less developed world, and cut out the worst. I also propose to make the basic changes the times demand.

My recommendations are grounded in the deep conviction that we must use foreign assistance to attack the root causes of poverty. We must concentrate on countries not hostile to us that give solid evidence that they are determined to help themselves.

This is the lesson of the past. It is the hope for the future. It is the guiding principle for a nation ready and will-

ing to cooperate with the industrious, but unwilling to subsidize those who do not assume responsibility for their own fate.

During the past year I have given our foreign assistance program the most sober and searching review. I have questioned the merit of each program. Special groups have concentrated on the particular areas of food, education, and health. A Cabinet committee has examined the details of our general economic and military assistance.

Thus, the steps I recommend today have been developed in the light of advice from senior officials in the executive branch, congressional leaders, and experienced advisers from outside Government. They also have been developed with full recognition of our balance-of-payments situation.

They emerge from a rigorous examination of our past experience.

They are informed by compassion and shaped by the history of two decades.

They are the proof of our devotion to the works of peace.

They reflect our vision of a world free from fear and ripe with opportunity.

They will shape the legacy we leave our children.

I

The quest for peace is as old as mankind.

For countless centuries man struggled to secure first his home, then his village, then his city. It is the unique heritage of our century that men must strive for a secure world.

Peace, plenty, freedom—our fathers aspired to these as we do now. But the fateful truth of our age is that all our personal and national hopes hang in a balance affected by events and attitudes half a world away.

We have paid a fearful price to learn the folly of isolation. We have learned that the human misery which infects whole nations with a thirst for violent change does not give way to mere slogans. We have learned that the works of peace require courage and foresight. The need knows neither national boundary nor narrow ideology.

We have demonstrated this understanding in many ways over the past two decades. Our military strength has protected many countries threatened by invasion from without or subversion from within. Our economic assistance programs have rebuilt Europe. We have helped untold millions to gain confidence in peaceful progress, where there has been neither peace nor progress for centuries.

We will never know how many crises have been averted, how much violence avoided, or how many minds have been won to the cause of freedom in these years. But I believe we have many such achievements to our credit.

Yet today the citizens of many developing nations walk in the shadow of misery: half the adults have never been to school; over half the people are hungry or malnourished; food production per person is falling; at present rates of growth, population will double before the year 2000.

These are the dominant facts of our age. They challenge our own security. They threaten the future of the world. Our response must be bold and daring. It must go to the root causes of misery and unrest. It must build a firm foundation for progress, security, and peace.

II

Although we recognize the short-sightedness of isolation, we do not embrace the equally futile prospect of total and endless dependence. The United States can never do more than supplement the efforts of the developing countries themselves. They must supply most of the capital, the know-how—and the will to progress. If they do we can and will help. If they do not, nothing we can supply will substitute. Nothing can replace resources wasted in political or military adventures.

For the essence of economic development is work—hard, unremitting, often thankless work. Most of it must be done by the people whose futures and whose children's futures are directly at stake.

Only these people and their leaders can invest every possible resource in improving farming techniques, in school and hospital construction and in critical industry; make the land reforms, tax changes, and other basic adjustments necessary to transform their societies; face the population problem squarely and realistically; create the climate which will attract foreign investment, and keep local money at home.

These are just a few of the steps on the road to modernization. They are far from easy. We would do well to remember how difficult many of them were for us. But they are absolutely necessary. Without them, outside help is wasted. Neither we nor they can afford waste, and we will not continue any partnership in which only we recognize that fact.

As I said last October, "Action, not promises, will be the standard of assistance." It must be clear that the principle of our assistance is cooperation. Those who do not fulfill their commitments to help themselves cannot expect help from us.

III

In this spirit of cooperation, I propose that the United States offer to join in new attacks upon the root causes of world poverty.

The incessant cycle of hunger, ignorance, and disease is the common blight of the developing world. This vicious pattern can be broken. It must be broken if democracy is to survive.

The problem of hunger is a continuing crisis. In many parts of the world we witness both the ravages of famine born of natural disaster and the failure of food production to keep pace with rising needs.

This is a catastrophe for all of us. It must be dealt with by all who can help. In many other countries food output is also falling behind population growth. We cannot meet the world food needs of the future, however willing we are to share our abundance. Nor would it serve the common interest if we could.

The solution is clear: an all-out effort to enable the developing countries to

supply their own food needs, through their own production or through improved capacity to buy in the world market.

I will shortly send to the Congress a special message which will recommend new legislation to redirect and strengthen our food aid programs to induce greater agricultural self-help abroad; make food aid a more integrated element of general programs of economic cooperation; move as quickly as our mutual interest permit toward harder financial terms, thereby adding to our commercial markets and a favorable balance-of-payments result.

In addition, I propose that the Agency for International Development increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States. The remainder will finance transfer of American farming techniques, the most advanced in the world; improvement of roads, marketing and irrigation facilities; establishment of extension services, cooperatives and credit facilities; purchases of American farm equipment and pesticides; research on soil and seed improvements.

These programs will also have long-range benefits for our own farmers. Higher incomes abroad mean greater exports for our highly efficient food producers.

To combat ignorance, I am proposing a major new effort in international education. I propose a 50-percent increase in AID education activities to a total of more than \$200 million. Shortly I will transmit to the Congress a special message proposing an International Education Act which will commit the United States to a campaign to spread the benefits of education to every corner of the earth. Nothing is more critical to the future of liberty and the fate of mankind.

To fight disease, I will shortly propose an International Health Act which will provide for extensive new programs at home and abroad.

We now have the capacity to eliminate smallpox from the list of man's natural enemies; to eradicate malaria in the Western Hemisphere and in large areas of Africa and Asia; and to relieve much of the suffering now caused by measles, cholera, rabies, and other epidemic diseases.

I will propose a two-thirds increase in fiscal year 1967 in AID support of health programs, to a total of more than \$150 million. In addition to financing disease eradication, we will step up our program to combat malnutrition. We will expand help to community water supply projects. We will finance the training of more doctors and nurses needed for new health centers and mobile health units.

I also propose to provide nearly \$150 million in food-for-work programs, and more than \$100 million in contributions to international organizations to further support the war on hunger, ignorance, and disease.

IV

We stand ready to help developing countries deal with the population problem.

The United States cannot and should not force any country to adopt any particular approach to this problem. It is first a matter of individual and national conscience, in which we will not interfere.

But population growth now consumes about two-thirds of economic growth in the less-developed world. As death rates are steadily driven down, the individual miracle of birth becomes a collective tragedy of want.

In all cases, our help will be given only upon request, and only to finance advisers, training, transportation, educational equipment, and local currency needs.

Population policy remains a question for each family and each nation to decide. But we must be prepared to help when decisions are made.

V

In many areas, the keys to economic and social development lie largely in the settling of old quarrels and the building of regional solidarity. Regional cooperation is often the best means of economic progress as well as the best guarantor of political independence.

I propose that we continue and enlarge our support of the institutions and organizations which create and preserve this unity.

Last April I pledged full U.S. support for regional programs to accelerate peaceful development in southeast Asia. We have already begun to implement this pledge by support to the Nam Ngum Dam in the Mekong Basin and to other projects.

In my legislative proposals, I am requesting new and specific authority to carry forward this support for regional progress.

We must make it clear to friend and foe alike that we are as determined to support the peaceful growth of southeast Asia as we are to resist those who would conquer and subjugate it.

These efforts in Asia will be further enhanced by the formation of the Asian Development Bank, which was the subject of my message to the Congress of January 18. I am confident that this Bank will be a major unifying force in the region, and a source of vital development capital invaluable to our mutual interests.

In Africa, we look forward to working closely with the new African Development Bank as its programs materialize.

We also look forward to progress toward an east African economic community and other subregional common markets on that massive continent. As these institutions and arrangements develop, the United States intends to make greater use of them as channels for our assistance. We will move in the direction of more regional administration of our bilateral programs.

We have recently extended our ongoing commitment to the Alliance for Progress, which includes strong support for the successful economic integration of Central America. The movement toward greater cooperation among all Latin American economies will gain momentum in the years ahead. It has our strong support.

The United States will support the proposal of the Inter-American Committee of the Alliance for Progress and the Inter-American Development Bank to establish a new fund for feasibility studies of multinational projects. These projects can be of enormous value to countries which share a river valley or another natural resource. They are sound combinations of good economics and good politics.

VI

I propose that the United States—in ways consistent with its balance-of-payments policy—increase its contributions to multilateral lending institutions, particularly the International Development Association. These increases will be conditional upon appropriate rises in contributions from other members. We are prepared immediately to support negotiations leading to agreements of this nature for submission to the Congress. We urge other advanced nations to join us in supporting this work.

The United States is a charter member and the largest single contributor to such institutions as the World Bank, the International Development Association, and the Inter-American Development Bank. This record reflects our confidence in the multilateral method of development finance and in the soundness of these institutions themselves. They are expert financiers, and healthy influences on the volume and terms of aid from other donors.

I propose that we increase our contributions to the United Nations Development Program, again subject to proportionate increases in other contributions. This program merges United Nations technical assistance and preinvestment activities. It promises to be among the world's most valuable development instruments.

VII

We will expand our efforts to encourage private initiative and enterprise in developing countries. We have received very useful advice and guidance from the report of the distinguished Advisory Committee on Private Enterprise in Foreign Aid. Many of the recommendations of that report are now being put into effect.

We will review frankly and constructively with cooperating countries the obstacles to domestic and foreign private investment. We will continue to support elimination of inefficient controls; formation of cooperatives; training of labor and business leaders; credit facilities and advisory services for small and medium-sized farms and businesses.

The U.S. Government can do only a small part of the job of helping and encouraging businessmen abroad. We must rely more and more on the great reservoirs of knowledge and experience in our business and professional communities. These groups have already provided invaluable service and advice. We in Government must find ways to make even greater use of these priceless assets.

I propose to: continue our support for the International Executive Service Corps; increase the AID authority to

guarantee U.S. private investments in developing countries.

VIII

To signify the depth of our commitment to help those who help themselves, I am requesting 5-year authorizations for our military and economic aid programs.

For development loans and loans under the Alliance for Progress, this is merely a reaffirmation of the principle adopted by the Congress in 1961 and 1962. It will not impair the ability or the duty of the Congress to review these programs. Indeed, it will free the Congress from the burden of an annual renewal of basic legislation, and provide greater opportunity for concentration on policy and program issues.

Annual congressional consideration of both economic and military programs will be maintained through full annual presentations before the substantive committees. If they so desire, as well as through the annual appropriation process.

The military and economic authorization requests are contained in two separate bills. I believe this is a forward step in clarifying the goals and functions of these programs in the minds of the public and the Congress.

IX

I am requesting a total appropriation of \$2.469 billion in fiscal year 1967 to finance programs of economic cooperation. As in the last 2 years, I am requesting the absolute minimum to meet presently foreseeable needs, with the understanding that I will not hesitate to request a supplemental appropriation if a clear need develops.

Aid to Vietnam: The largest single portion of my request—\$550 million in supporting assistance—is to support our effort in Vietnam. Our help to the Government of Vietnam in carrying forward programs of village economic and social improvement is of crucial significance in maintaining public morale in the face of the horror of war. With the help of AID advisers, who often serve at great personal risk, the Vietnamese Government is patiently building the foundations of progress in the rural areas.

Other supporting assistance: The remainder of my request—\$197 million—is for aid to countries whose security is directly threatened. This is concentrated in programs for Laos, Korea, and Thailand. Each country is a key link in our defense system. Each lives in the shadow of great and hostile powers. Each is well worth the investment.

Alliance for Progress: I am requesting a total of \$543 million in fiscal year 1967 appropriations for the countries cooperating in the Alliance for Progress. Of this total \$88 million will be used to finance technical cooperation.

At the Rio Conference, the United States announced its intentions to support this great hemispheric effort beyond 1971. Our ultimate goal is a hemisphere of free nations, stable and just—prosperous in their economics and democratic in their politics.

We can cite many indications of heartening progress:

In 1965 alone, Chile settled about 4,000 families on their own land, about as many as had acquired land during the preceding 35 years.

Brazil, as a result of courageous economic policy decisions, has reduced its rate of inflation, restored its credit, encouraged private investment, and modernized many of its economic institutions.

In only 2 years, the five members of the Central American Common Market have increased intramarket trade by 123 percent. These are not isolated or exceptional examples. The keynote of the Alliance for Progress has always been self-help. The pattern of our assistance—65 percent of which is concentrated in Brazil, Chile, and Colombia—demonstrates our determination to help those who help themselves.

Most heartening of all, a new generation has risen to leadership in Latin America as the Alliance for Progress has taken hold. These young men and women combine a belief in democratic ideals with a commitment to peaceful change and social justice. We are happy to welcome them as leaders of great nations in the community of freedom.

Development loans: Nine-tenths of the \$665 million requested for this account is for five countries—India, Pakistan, Turkey, Korea, and Nigeria.

We have long recognized the importance to all the world of progress in the giant nations of south Asia. But in the past year we witnessed a tragic confrontation between India and Pakistan which forced us to withhold all new assistance other than food. We will not allow our aid to subsidize an arms race between these two countries. Nor can we resume aid until we are reasonably certain that hostilities will not recur. The progress of reconciliation—first at the United Nations and then at Tashkent—holds promise that these two great countries have resolved on a course of peace. My request for development loan funds is made in the hope and belief that this promise will be fulfilled.

Turkey has continued her steady progress toward self-sustaining growth, and has remained a staunch NATO ally. She deserves our continued support.

Korea has made similar economic progress and has shown her dedication to the cause of freedom by supplying a full military division for service in Vietnam.

Nigeria has recently suffered a painful upheaval, but we are hopeful that she too will maintain her responsible and progressive course.

The uncertainties of world affairs permit no guarantees that these hopes will be fulfilled. But I do guarantee the Congress and the American people that no funds will be used in these or other countries without a clear case that such expenditures are in the interest of the United States.

Technical cooperation: This request—\$231 million—will finance American advisers and teachers who are the crucial forces in the attack on hunger, ignorance, disease, and the population problem. The dollar total is relatively small. But no appropriation is more critical. No purpose is more central.

Contributions to international organizations: I am requesting \$140 million for these contributions in fiscal year 1967. The majority of these funds will support such efforts as the United Nations development program and the U.N. Children's Fund. The remainder represents our share of the cost of maintaining essential United Nations peacekeeping and relief activities in areas of tension and conflict.

Other: The remaining \$142 million of my request is distributed among the contingency fund, AID administrative expenses, and support of American schools and hospitals abroad.

XII

In making these requests, I assure the Congress that every effort will be extended to minimize the adverse impact on our balance of payments. I think the record is proof of the sincerity of these commitments.

AID procurement policies have been tightened to the point that, with minor and essential exceptions, all funds appropriated to AID must be spent in the United States for American goods and services. As a result, offshore expenditures of AID funds declined from \$1 billion in 1960 to \$533 million in 1964.

Further steps have been taken. I now expect that the figure will drop to about \$400 million in fiscal year 1967. Receipts are expected to rise to \$186 million in fiscal year 1967, yielding a net outflow of only \$214 million.

XIII

I am transmitting the Military Assistance and Sales Act of 1966 as separate legislation. This new act will provide a 5-year authorization for the program which strengthens U.S. security by building the strength of others to deter and resist aggression.

The new act will provide:

Effective coordination between our economic and military programs: I request the Congress to retain in the new act those provisions which place responsibility for continuous supervision and general direction of all military assistance programs in the Secretary of State.

Greater emphasis on self-help: As with economic aid, we must condition our military aid upon commitments from recipients to make maximum contributions to the common defense.

Greater emphasis on civic action programs: We shall give new stress to civic action programs through which local troops build schools and roads, and provide literacy training and health services. Through these programs, military personnel are able to play a more constructive role in their society, and to establish better relations with the civilian population.

Emphasis on training: One of our most effective methods of building free world security is through the training provided foreign military personnel. Today, 8,500 foreign trainees come to this country each year and a similar number are trained at our service schools overseas. They return to their home countries with new professional skills and a new under-

standing of the role of the Armed Forces in a democratic society.

Continued shift from grant aid to military sales: We will shift our military aid programs from grant to sales whenever possible—and without jeopardizing our security interests or progress of economic development. Military sales now exceed the dollar volume of the normal grant aid program. This not only makes a substantial favorable impact on the balance of payments, but it also demonstrates the willingness of our allies to carry an increasing share of their own defense costs.

I am requesting new obligational authority of \$917 million for military assistance in fiscal year 1967. This is the bare minimum required if we are to keep our commitments to our allies and friendly armed forces to provide the equipment and training essential to free world defense.

The military assistance request for fiscal year 1967 does not include funds for support of South Vietnamese and other allied forces who are engaged in the crucial struggle for freedom in that country. Financing for this effort will come directly from Department of Defense appropriations.

Almost three-fourths of the total program will go to countries adjacent to the borders of Soviet Russia and Communist China. The armed forces of such countries as Greece, Turkey, Iran, and the Republics of China and Korea are effective deterrents to aggression. The balance of the funds will strengthen the capacity to maintain internal security in countries where instability and weakness can pave the way for subversion.

XIV

Americans have always built for the future.

That is why we established land-grant colleges and passed the Homestead Act to open our western lands more than 100 years ago.

That is why we adopted the progressive programs proposed by Woodrow Wilson and Franklin Roosevelt.

That is why we are building the Great Society.

And that is why we have a foreign assistance program.

We extend assistance to nations because it is in the highest traditions of our heritage and our humanity. But even more, because we are concerned with the kind of world our children will live in.

It can be a world where nations raise armies, where famine and disease and ignorance are the common lot of men, where the poor nations look on the rich with envy, bitterness and frustration; where the air is filled with tension and hatred.

Or it can be a world where each nation lives in independence, seeking new ways to provide a better life for its citizens: a world where the energies of its restless peoples are directed toward the works of peace; a world where people are free to build a civilization to liberate the spirit of man.

We cannot make such a world in one message, in one appropriation or in 1 year. But we can work to do this with

this appropriation in this year. And we must continue to build on the work of past years and begin to erase disease and hunger and ignorance from the face of the earth.

But the basic choice is up to the countries themselves. If that choice is for progress, we can and we must help. Our help can spell the difference between success and stagnation. We must stand ready to provide it when it is needed and when we have confidence that it will be well used.

This is the price and the privilege of world leadership.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

FOREIGN AID PROGRAM

[Mr. ALBERT addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. BOGGS. Mr. Speaker, the President's foreign aid message makes abundantly clear our determination to help South Vietnam preserve its integrity. It also underscores our determination to help the Vietnamese people build a better life.

The Agency for International Development will provide more economic assistance to South Vietnam during the coming year.

With almost three-quarters of a million men under arms—about 5 percent of the Nation's population—South Vietnam is carrying by far the greatest burden in this battle against aggression. It is a burden that, without our help, would become intolerable.

Growing warfare has turned more than half a million people out of their homes and into refugee camps.

Communist interdiction has turned the rice bowl of southeast Asia from an exporter of rice to an importer.

Bombs and bullets have blasted the country's normal exports, so that Vietnam can no longer afford to buy the cement and steel, the fertilizer, or the books its people need. In all these areas, U.S. aid is necessary.

Our aid is also building institutions vital to progress and stability. The National Institute of Administration, built with AID funds, now graduates 350 trained Government officials each year. The \$4½ million University of Saigon Medical School is helping meet some of the great need for doctors.

U.S. aid is helping Vietnam's villagers build things a man will fight for: 9,000 elementary classrooms, 1,900 new fresh water wells, 12,500 health clinics in villages that never before had a chance at education, a safe water source, or a place to go when illness struck. U.S. aid has helped Vietnam establish 780 manufacturing plants in South Vietnam, most of them small and all of them a solid hope for the future.

Our aid is now helping the Government of Vietnam train some 40,000 persons to serve in the newly established people's action teams and new life hamlet programs. These cadres will move into villages, help to establish local

security and expand constructive work in agriculture, health, and education.

The purpose of our nonmilitary aid to Vietnam is to help the people of that country—especially the peasant in the village—along the road toward a decent life.

These programs are as important to the long-term prospects of peace in Vietnam as the current military resistance to aggression. They deserve our full consideration and support.

[Mr. MORGAN addressed the House. His remarks will appear hereafter in the Appendix.]

[Mr. ZABLOCKI addressed the House. His remarks will appear hereafter in the Appendix.]

[Mrs. HANSEN of Washington addressed the House. Her remarks will appear hereafter in the Appendix.]

TEXTURED OR TEXTURIZED YARNS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Ways and Means:

To the Congress of the United States:

I am transmitting herewith, in accordance with section 2 of Public Law 89-229, a report concerning the feasibility and desirability of separate classification in the tariff schedules of the United States for those articles of manmade fibers commonly referred to as textured or texturized yarns.

The report concludes that such separate tariff classification for textured yarns is feasible but not desirable in view of the current situation.

Textured yarn production in the United States has been rising steadily in recent years, from 74 million pounds in 1960 to over 250 million pounds in 1965. During this period, the independent throwster industry, which processes a major portion of textured yarn, has had rising employment. At the same time, imports have been declining. The Tariff Commission has estimated that the annual imports of textured yarns declined from more than 2 million pounds in 1962 to less than 1 million pounds in 1965, representing less than one-half of 1 percent of the domestic market.

However, the representatives of the domestic industry have argued that a serious threat of injury looms in the future. In part because of this concern, the report recommends that more accurate import data for textured yarns be provided in the future, so that Congress, the executive branch, and the industry can keep close watch on import levels and consider additional measures should they be warranted. I am therefore directing that steps be taken to obtain more accurate data on imports of textured yarns.

I am also transmitting for the information of the Congress the report of the

Tariff Commission on textured yarns which I requested.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

EMPLOYEES TRAINING ACT—MES- SAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Post Office and Civil Service:

To the Congress of the United States:

As required by section 18(c) of the Government Employees Training Act—Public Law 85-507, approved July 7, 1958—I am transmitting forms supplying information on those employees who, during fiscal year 1965, participated in training in non-Government facilities in courses that were over 120 days in duration and those employees who received training in non-Government facilities as the result of receiving an award of contribution.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 1, 1966.

IMPORT RESTRICTIONS ON RESIDUAL FUEL OIL

(Mr. CONTE asked and was given permission to address the House for 1 minute and to include a letter.)

Mr. CONTE. Mr. Speaker, in 1959, import restrictions on residual grade fuel oil were imposed. In 1959, I began my fight for the removal of those restrictions.

In December of last year Interior Secretary Udall announced a relaxation of the import restrictions for the remainder of the fuel oil year. But, I shall not relax my fight against these restrictions.

My fight was not for a relaxation of these unsupportable restrictions: my fight is for their complete removal. So long as any quota restriction exists, no matter how liberalized or relaxed, it effectively inhibits free market in this vital commodity.

My attacks on these restrictions have been met by horrified cries of national security. This economic millstone around the neck of my district, my State, and all of New England has thus been rationalized—but never justified.

In a letter, written yesterday to Buford Ellington, Director of the Office of Emergency Planning, I have asked one more time for that justification. I have asked for access to the facts and details, which have not been made available to the public of the study made by OEP resulting in only token expansion of the existing quotas. I feel it is not only my right, but my responsibility to know what facts there are which support a recommendation for only partial relief—as one who represents an area embracing a great many users of this commodity.

Mr. Speaker, I ask unanimous consent at this time to have the full text of my

letter to Director Ellington printed in the CONGRESSIONAL RECORD. I call once again for the support of my colleagues to bring a fight, which has taken much too long to win, to the victory that does not stop short of complete removal of these restrictions, essential to return this vital commodity to the free market.

JANUARY 31, 1966.

MR. BUFORD ELLINGTON,
Director, Office of Emergency Planning,
Washington, D.C.

DEAR MR. ELLINGTON: As you are no doubt aware, I joined with other members of the Massachusetts and New England congressional delegations in welcoming the announcement late last month by the Secretary of Interior concerning the relaxation of controls on imports of residual grade fuel oil.

You will also recall that I expressed deep disappointment at the same time on two counts: first, because it had taken the administration so long to accept certain facts and conclusions which have been obvious to me from the beginning, and second, because the Secretary's action was still far short of what is both necessary and feasible. That is, the complete removal of the import quota system.

I have led the fight over the years for full and complete elimination of this needless and unjustifiable millstone around the economic neck of my district, my State, and all of New England. I would not repeat the exhaustive arguments I and my distinguished colleagues have made in this regard except, perhaps, to stress once more that only the full and complete removal of this discriminatory quota system can solve our problem.

So long as any quota restriction exists, no matter how lax or "liberalized," it effectively inhibits free market in this vital commodity. It prevents users from selecting their own distributor and compels them to pay a single, fixed price with no opportunity to shop around. Under such conditions, the law of supply and demand does not exist and the cost-minimizing influence of a free market is not present.

I need not stress these and other facts which I have stated in the past. I am sure they are well-known to you as, indeed, they are to the Secretary of Interior who has already publicly affirmed the correctness of my arguments.

My purpose now is to determine the nature of findings by the Office of Emergency Planning which prompted your recommendation to the Secretary on December 18, 1965, for the relaxation of controls. Your letter to the Secretary on that date, later made public along with the Secretary's proclamation, stated that "a thorough consideration of all issues covered by my residual oil investigation indicates that control of these imports could be substantially relaxed without impairment of the national security."

You further recommended in that letter that the import level should be "increased substantially" for the rest of the current fuel oil year and should be set "as high as possible" for the next fuel oil year.

As one who represents an area embracing a great many users of this commodity in the form of public schools, hospitals, multi-family apartment dwellings, industries, and similar large-scale institutions with large-scale heating problems, I feel I do not only have a right but a responsibility to know what facts and conclusions exist in support of a recommendation for only partial relief; relief that may have a constructive influence on the shortage of residual oil but which can have no effect whatsoever on the price which these consumers must pay.

I feel I have a right and responsibility to know why it is necessary to retain any quota

PROPOSED AMENDMENT OF THE SOCIAL SECURITY ACT TO INCLUDE RADIOLOGISTS, ANESTHESIOLOGISTS, PATHOLOGISTS, AND PHYSIATRISTS

Mr. DOUGLAS. Mr. President, for the benefit of my colleagues in the Senate, I ask unanimous consent to have printed in the RECORD a copy of a resolution adopted at the October convention of the New York State League of Senior Citizens, Inc.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the members of the New York State League of Senior Citizens, Inc., and their friends both in and out of our Legislative Chambers have worked hard and diligently to help get H.R. 6675 enacted into law, and also get enacted into law the largest benefits in social security coverage in the history of the Social Security Act: Therefore, be it

Resolved, That we, the delegates of the various clubs in the New York State League of Senior Citizens, Inc. in convention assembled in the city of Syracuse, N.Y., on October 2 and 3, 1965, do hereby wish to express our heartfelt thanks for their help.

Whereas we are in agreement with Senator PAUL H. DOUGLAS that it was a mistake for the Federal Government to interfere with the usual relationship between the medical specialists and our hospitals, which relationships are customary: Therefore, be it

Resolved, That we, do hereby urge Senator DOUGLAS, if possible, or some other lawmaker friendly to this attitude, to introduce an amendment to H.R. 6675 to include the services of radiologists, anesthesiologists, pathologists, and psychiatrists in plan A of the hospital bill.

ALABAMA VFW CALLS FOR ENACTMENT OF A NEW GI BILL

Mr. YARBOROUGH. Mr. President, while we hear occasional grumbling from a few sources that a new GI education bill would be too costly, the overwhelming majority of Americans favor it, because without it the unquestioned intellectual abilities of hundreds of thousands of cold war veterans are being wasted and a rich resource in American brainpower goes untapped and neglected. An editorial published in the November 8, 1965, issue of the Department of Alabama VFW News, points to the irrefutable investment features of a new GI bill of rights, and expresses in clear terms the need for enactment during this session of the Congress of a bill unfettered by the petty fears of false economy and the bonds of unequal and unjust coverage.

Mr. President, I ask unanimous consent that the VFW News editorial of November 8, 1965, be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FOR WHAT REASON THE DEBATE

Not too long ago, the U.S. Senate passed, by a substantial majority, Senate bill No. 9, which provides educational and vocational training assistance and guaranteed loans for homes, farms, and farmlands.

The educational assistance provides for education or training ranging up to 36

months at the rate of \$110 per month, depending upon the length of the veterans' service during the so-called cold war period.

However, when the cold war bill on the House side came under debate in the House Veterans' Affairs Committee, there seemed to be large pockets of resistance, stemming from a determined policy on that part of the executive branch to discourage any such proposal.

According to information that is available, the main reason the administration is against a GI bill for cold war veterans is that they feel its enactment would empty the service of their personnel.

This, in spite of the fact that most cold war veterans are obligated for certain periods of service by contract, and few others are in a position to desert the battlefield immediately to take up their textbooks. Other opponents continue to rant and rave about the great cost of such a venture, forgetting completely about the eloquent record following World War II, which sent millions of veterans back to college and enabled over 7 million to purchase homes.

Of the several million who received education and training after World War II, over 450,000 became engineers, 180,000 became doctors and nurses, another 130,000 became scientists, 107,000 followed law, nearly 300,000 learned the metals trade, 711,000 became mechanics, 138,000 are now electricians, 36,000 chose the ministry, and over 17,000 became writers and journalists.

All of these veterans who went back to school to learn trades and professions are now contributing an indispensable quality to our current prosperity that adds up to success and happiness in community life. They have paid higher income tax because of their increased skills and are buying millions of homes that would not otherwise have had a market. As a result of this, the Nation is stronger and better than ever equipped to handle the present day dangers of renewed hostilities. In short, it could be said that because of the GI bill following World War II and the Korean conflict, the Nation has prospered and become stronger.

Does it not follow that the same results would be forthcoming if the Congress were to adopt the cold war GI bill? It's hard to find a logical argument that proves the same results would not be achieved. Another side to the question is what's the difference between war in Vietnam, war in Korea, or war throughout the world as we knew it in World War II? Are not the bullets just as deadly, the blood spilled just as red, and the wives and the mothers just as grieved? Can we say that a life lost in Vietnam is less valuable or less a tribute to this Nation than one lost in the wars of the past? This brings another logical question. What for is all of the debate? Why not just do what is right and fair and let the record speak for itself in the years to come.

COLLECTED NOTES AND COMMENTS ON U.S. FOREIGN POLICY

Mr. INOUE. Mr. President, Associate Editor John Griffin, of the Honolulu Advertiser recently attended an American Press Institute seminar at Columbia University.

His comments on some of the discussions at the seminar are well worth reading, and I particularly commend the following article to the attention of my distinguished colleagues.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BY THE WAY: COLLECTED NOTES AND COMMENT (By John Griffin)

NEW YORK.—Americans view the Berlin wall as a symbol of the horror and tactics of Communist police states—and possibly of our failure to do something about them.

This view may be valid, as far as it goes.

But there are those who now go beyond this and see a positive significance in the Berlin wall. They picture it as a vital factor in improved U.S. relations with Russia and eastern Europe.

The theory, advanced by some highly regarded students of Communist affairs here, goes like this:

The Hungarian rebellion of 1956, and the U.S. failure to help the rebels, marked the end of the Dulles policy of "liberating" the east European satellites.

Erection of the Berlin wall in 1961 relieved another massive problem of the European Communists, the manpower drain to the West through Berlin. This drain was one of quality manpower as well as quantity. It also had vast psychological implications.

The 1962 Cuban missile crisis was another major turning point—in the other direction. It was a time when the United States stood up, drew a nuclear line, and Russia backed off from the horror of atomic war.

The resulting standoff has led to a relaxation of tensions that is one of the two biggest facts of life about Europe today.

The other big fact is the effect of the bitter dispute between Communist China and the Soviet Union which had led to relaxing Russian control—and even a loss of influence—over its former satellites.

This change and relaxation varies considerably from country to country. And complicating things even further, experts warn that "desatellization" is proceeding at a different rate than "de-Stalinization," another important trend.

Vietnam has clouded the picture of improved U.S. relations with Russia and Eastern Europe. It could, in fact, eventually alter or even destroy that picture.

But Communist specialists say it's still possible, in fact even necessary, to think in positive terms about our relations with Eastern Europe.

And there are those who think U.S. policy in Europe is still based mostly on outmoded ideas stemming from a preoccupation with NATO and a lingering Dulles-like philosophy. Says one specialist in European matters:

"I would like to see a more imaginative and creative policy in Eastern Europe. The problem of Europe is no longer security against attack. So the answer is not just a better NATO. That's the kind of situation that gives General De Gaulle such a field day.

"U.S. policy of building 'bridges' between us and the satellites in order to separate them from Russia won't work because the situation has gone far beyond the black-or-white, communism-or-freedom stage.

"More than that, it's a dangerous policy to rely on the forces of nationalism in this region. The result could be a Balkinization of the kind that helped cause two world wars."

The need, as spelled out by critics of past U.S. policy, is for thinking about a situation that would not be built on hostility and tearing nations away from one bloc or the other.

They see the need for a Europe built on agreement between the United States and Russia on one hand, and between Western and Eastern Europe on the other.

Some hopeful signs of new directions in U.S. European policy are seen: One is the President's state of the Union message which mentioned increased trade with Eastern Europe, an important step.

Another dates back to last May when the President said that the reunification of Germany will follow the reunification of Europe. Previously U.S. policy had put this the other way around.

But the debate on U.S. policy in Europe is still very much alive in Washington.

Like everything else, it may well be influenced by the turn of events in Vietnam.

But, like everything else, it also has the potential to be important in Asia. For a positive U.S. policy in Europe would show some Asian Communists that this country does not have to be an enemy.

And along the way maybe the whole world is learning something about the danger of promoting revolutions.

"It's more than just interesting," says one student of such matters, "that the Communist policy favoring wars of national liberation (internal revolutions) is the same as the Dulles policy which the United States had to abandon in the Hungarian showdown of 1956."

But if some lessons about revolution and power have been learned by both sides in Europe, Vietnam can only underscore the painful distance still to be traveled in Asia.

PENNSYLVANIA SCHOOL DISTRICT HARD HIT BY CUT IN SCHOOL MILK PROGRAM

Mr. PROXMIRE. Mr. President, for many days now I have given a multitude of reasons why the withholding of \$3 million appropriated by Congress from the special milk program for school children is foolish and, in the last analysis, an economy that saves no money. I have emphasized the fact that the milk that ordinarily would be purchased with the help of the withdrawn Federal funds will find its way into Commodity Credit Corporation stockpiles at Government expense. I have pointed out the impact this cutback will have on local school budgets which are already strained to the breaking point. Time and time again I have criticized this cutback as one which will most hurt the poorest children who can least afford to pick up the added costs at the local level resulting from a withdrawal of Federal funds.

Today I would like to call to my colleagues' attention a letter from the Ridley Township School District in Folsom, Pa., which tells in plain dollars and cents language that we can all understand what this means to a local school district. The letter is from Robert V. Donato, the district superintendent of schools.

I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RIDLEY TOWNSHIP SCHOOL DISTRICT,
Folsom, Pa., January 25, 1966.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.:

DEAR SENATOR PROXMIRE: Mrs. Catherine B. Nichols, legislative chairman for the Pennsylvania School Food Service Association, called our food service director today to inform her that there will be an additional reduction in the amount of the cash subsidy for the milk served in connection with the special milk program.

Since July 1, 1964, the subsidy has been reduced by 5 percent. According to the information received today the subsidy will be reduced by 10 percent effective February 1, 1966, in Pennsylvania.

Our junior and senior high schools participate in the national school lunch program and, in addition serve an average of 1,512 half pints of milk daily as a separate item on the special milk program. In the re-

maining 90 days of this school year, the 10 percent subsidy reduction would materially reduce our total income for the year by approximately \$550.

We also have eight elementary schools that participate in the special milk program only. An average of approximately 1,400 half pints are served daily in the elementary schools. The 10 percent subsidy reduction will result in less income to the extent of \$378 for the second half of the school year for the milk program in the elementary schools of the Ridley Township School District.

Our food service programs are currently operating at a loss. There has been a marked increase in the prices paid for foods, labor, and paper and cleaning supplies. There has been a substantial decrease in the value of foods received from the U.S. Department of Agriculture.

We do not feel that we can afford the loss of income from an additional reduction in the subsidy of milk. We would be most appreciative of your support to promote an appropriation for the special milk program that would be sufficient to provide the subsidy originally established for the special milk program.

Very sincerely,

ROBERT V. DONATO,
Superintendent.

SECRETARY UDALL'S REPORT ON THE ACTIVITIES OF THE GEO- LOGICAL SURVEY OUTSIDE THE NATIONAL DOMAIN

Mr. JACKSON. Mr. President, the Members of the Senate will recall that in 1962 the Congress approved S. 981, 87th Congress, a bill sponsored by my senior colleague from the State of Washington and myself to authorize the Geological Survey to make scientific examinations outside of the national domain where determined by the Secretary of the Interior to be in the national interest. Section 2 of the bill, which became Public Law 87-626, directs the Secretary to submit to Congress semiannual reports of all actions taken pursuant to the act.

I ask unanimous consent, Mr. President, that Secretary Udall's report on the activities of the Geological Survey outside of the national domain for the period of July 1 to December 31, 1965, appear in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., January 21, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to section 2 of the act of September 5, 1962, "To amend the authority of the Secretary of the Interior exercised through the Geological Survey of the Department of the Interior to areas outside the national domain" (Public Law 87-626), the following activities were carried on by the Geological Survey during the reporting period July 1 to December 31, 1965.

1. Dr. Raymond M. Turner, a botanist headquartered in Tucson, Ariz., was in the State of Sonora, Mexico, during the period October 1 to 30 to continue his studies of changes in vegetation in the Southwest as such changes might be related to climate and to the distribution of water resources. The trip was the fourth in a series which Dr. Turner has undertaken as part of this investigation. The purpose of the October trip was to collect plant specimens, obtain plant dis-

tribution data, examine Mexican weather stations, and reoccupy and rephotograph old sites.

2. Dr. Donald G. Jordan, the engineer in charge of the Geological Survey's water-resources investigations in the Virgin Islands, spent August 9 to 11 on the island of Tortola, British Virgin Islands, conducting a limited reconnaissance of ground-water conditions. The survey's basic knowledge of these conditions was broadened thereby, and the survey's efforts in the U.S. Virgin Islands should be more effective as a result. A dividend in international good will in the Antilles was also achieved by the short trip. Governor Palewonsky asked Mr. Jordan to give whatever technical assistance he could to the government of the British Virgin Islands while on Tortola. The trip was financed cooperatively by the Federal Government and the government of the U.S. Virgin Islands.

3. Dr. K. Norman Sachs, a geologist, at the invitation of the Scripps Institution of Oceanography, participated aboard the vessel *Thomas E. Washington* in its research cruise to the equatorial Atlantic during the period November 5 to December 25, 1965. The purpose of the trip was to collect plankton samples, to check the distribution of recent radiolaria in the Atlantic Ocean, and to determine stratigraphic relationship in the sediments recovered. The experience is particularly valuable to Dr. Sachs' program of research on recent and tertiary radiolaria.

4. Dr. Robert M. Moxham, a geophysicist, traveled to the Philippines during the period October 16 to November 13 to make infrared surveys of Taal, the volcano which erupted on September 28, 1965. The surveys were made in cooperation with the U.S. Air Force at the site of the eruption to evaluate the volcanological significance of the phenomenon. Mr. Moxham's wide experience in conducting original and fundamental research in geological and geophysical investigations of volcanoes was thus enhanced.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

LONG-TERM AUTHORIZATIONS IN U.S. FOREIGN AID

Mr. BREWSTER. Mr. President, the President has asked us for authority to plan U.S. foreign aid programs on a 5-year basis. He has not asked us to appropriate the money that far ahead, but simply to give the Agency for International Development permission to do more meaningful long-range planning.

I think it is time the Congress gave the President this authorization.

For a long time now, we in the Congress have insisted that U.S. foreign aid go principally to those countries which make—and stick to—sound long-range plans for their own development. Yet, because the Congress has equally insisted that aid programs be authorized for only 1 year at a time, we have in effect said to those we help: "You must make long-range plans, but we will make short-range plans to help you. Do not do as we do; do as we say." This is a custom that can only help to defeat the very efficiency we ask of others in administering U.S. foreign aid programs.

What is needed in the foreign aid program is not an annual fight over whether there shall be an aid program in the first place. The time that Members of this Congress and the senior officials of the Agency for International Development spend each year plowing the same old authorization ground could better be

spent by getting on with doing the job. The annual cliff-hanging authorization debate is, furthermore, a deterrent to AID's recruiting the top quality people it so badly needs. I am sure, that Members of Congress could well use time freed from an authorization wrangle to the benefit of other pressing matters—including the ways in which AID actually operates.

We Americans pride ourselves, as we should, on the realism and the efficiency with which we conduct large business enterprises. If we accept, as we must, that long-range planning is equally an imperative for large public enterprise, we shall not hesitate to confer a measure of it on something so vital as foreign aid.

We should support President Johnson's request for long-range planning in the field of foreign aid.

BIG BROTHER

Mr. LONG of Missouri. Mr. President, the Subcommittee on Administrative Practice and Procedure held hearings last year on IRS tactics in the Boston IRS district. At that time Mr. Alvin M. Kelley was district director.

We found that IRS had used lock picks to break and enter, had used illegal wiretaps and bugs, and had even resorted to the use of Army sniperscopes.

Although Mr. Kelley disclaimed both knowledge of and responsibility for such activity, he seemed far from repentant.

His lack of repentance is apparently still with him. He was recently promoted to regional commissioner in Chicago. In his acceptance speech he gave every indication of continued use of eavesdropping devices "when necessary."

Will the IRS never be reformed?

I ask unanimous consent to have printed in the RECORD at this point a clipping from the Chicago Daily News of January 21, 1966, on this subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IRS CHIEF HERE VOWS USE OF "BUG"

Alvin M. Kelley, new regional commissioner of the Internal Revenue Service, has pledged a war against organized crime with the use of electronic eavesdropping devices when necessary.

"I would not like to give comfort to those who think we will not continue our use of intensive surveillance techniques," Kelley said.

Kelley said the Intelligence Division of the IRS, which works on criminal violations, has made progress against crime syndicate figures.

In 1965, while he was district director of Boston, Kelley appeared before a Senate subcommittee probing the use of electronic listening devices by Government agents.

Kelley, 50, was sworn in Thursday by U.S. District Court Chief Judge William J. Campbell at ceremonies attended by about 80 Federal employees.

THE RESUMPTION OF BOMBING IN VIETNAM

Mr. JAVITS. Mr. President, yesterday's decision by President Johnson to resume the bombing of military targets and supply lines in North Vietnam to the

same extent as before the pause—based as it is on urgent military considerations—deserves the support of the American people.

At the same time, I approve of the President's determination to continue the peace offensive on a high-priority basis, by his new initiative in the United Nations, based on Pope Paul's suggestions. By the President's action, he is giving the people of the United States and the world every reason for confidence in the determination of the United States to act as a servant of freedom and justice.

I also believe that it is now more urgent than ever that Congress launch a full-scale debate on Vietnam in order to bring congressional and Presidential policy into complete accord.

INTERNATIONAL MONETARY REFORM

Mr. MUSKIE. Mr. President, for several years, experts on international economic problems have stressed the need for monetary reform. Many of them devised plans for such reform. But the discussion stayed in the wings, a theoretical problem debated by specialists.

Last fall, monetary reform moved to the center of the stage, as a result of the bold initiatives undertaken by the President. Secretary of the Treasury Fowler carried to all the European capitals the President's plea to get things moving. As a result, intensive work has begun to develop agreement among the major industrial countries on international monetary policy.

Later this year, we expect these negotiations to move into a second stage where other nations of the free world will also be represented. Before long, the world should be able to free its monetary system from domination by the pace of gold mining in South Africa, and the willingness of the Russians to part with their gold. As the President says, we can look forward to "an agreement that will make creation of new reserve assets a deliberate decision of the community of nations to serve the economic welfare of all."

Progress on this front is urgent. The Council of Economic Advisers' report shows how far world monetary reserves are lagging behind world trade, and it explains the threat to the growth of trade that can arise unless funds for international payments begin to grow more rapidly.

The Council's report also describes a promising road to new reserve creation in a two-pronged approach that creates a brandnew reserve unit and simultaneously expands the important automatic lines of credit at the International Monetary Fund. Such a program will give new life and new vigor to world trade and the world's economy. This is a complicated technical area—many countries and many views have to be heard. But it is an issue that is central to the economic welfare of the whole world.

The administration deserves congratulations for fulfilling so clearly America's role of world leadership on this important issue.

THE BOMBING: BEFORE AND AFTER

Mr. CHURCH. Mr. President, last week I joined with 14 other Senators—all Democrats—in a letter to the President, in which we expressed our collective judgment against the resumption of the bombing of North Vietnam.

The President has now made his decision to resume the bombing. He has given his reasons, and the issue is settled.

However, two editorials have come to my attention that I think should be made a part of this RECORD. The first, appearing in the St. Louis Post-Dispatch on January 27, summed up the case against a renewal of the bombings at this time. It was written prior to the announcement of the President's decision. The second editorial appeared in this morning's edition of the New York Times. It is an appraisal after-the-fact which deserves thoughtful reflection.

I ask that both editorials may be published at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the St. Louis (Mo.) Post-Dispatch, Jan. 27, 1966]

CLOSER TO A TRAGIC MISTAKE

By every sign, the psychological buildup is underway for a resumption of the bombing of North Vietnam and for another escalation of the American military commitment. We believe President Johnson will make a tragic mistake if he adopts this course.

He will be doing what the responsible leaders of Britain, France, Japan, and the United Nations, among others, have explicitly urged him not to do. He will be rejecting the counsel of many of the wisest Senators in his own party, and defying the opinion of large numbers of his countrymen. Having projected himself before the world as a champion of peace in Vietnam, he will be creating a situation that not only makes peace improbable, but greatly increases the risks of Chinese intervention.

The President is said to believe that his peace offensive has fully convinced all well-disposed people around the world that only Hanoi stands in the way of negotiations for an honorable settlement. He should beware of becoming the captive of his own propaganda. Even those who accept the sincerity of his desire for negotiations would not necessarily agree that the way to obtain them is to escalate the war once more. And it is impossible for the most favorably disposed friends to ignore the inconsistency between his generally admirable 14 points and his refusal, at the critical point, to make the one concession most obviously necessary to bring about negotiations.

The critical point is the role of the Vietcong, which controls two-thirds of South Vietnam's territory, in both the peace talks and the political future of South Vietnam. So far as his own words go, Mr. Johnson has adopted the ambiguous stance that the Vietcong might be represented in negotiations by Hanoi, and that their views would be considered. But at the level of Secretary Rusk there is no ambiguity. Mr. Rusk repeatedly states that any peace talks must exclude participation by those who have been doing most of the actual fighting, and that there is no place for them in the political future of the country.

Since Mr. Rusk would not hold the position he does if he were not carrying out Mr. John-

son's policy, the conclusion is inescapable that the policy is to seek at the conference table what we have been unable to obtain by armed force—a South Vietnam controlled by a Saigon military government which has no popular base whatever. In a situation of military stalemate, any political settlement must be based on compromise reflecting the military situation, which means that both Communists and non-Communists must participate in the peace and in the interim government responsible for keeping the peace until free elections could be held. By rejecting this crucial principle the President has in effect surrounded his offer of unconditional negotiations with an obviously unacceptable condition.

The case for renewed expansion of the war is attributed in part to top secret messages from military commanders warning that during the bombing pause Hanoi has continued infiltration of troops and supplies to the south. Yet, according to Secretary McNamara, the infiltration continued, at a steadily increasing rate, throughout all the 11 months of air attack. If the bombing did not stop it, there is no special significance in the fact that the cessation of bombing did not stop it. To make this an excuse for resumed bombing is specious and deceptive. The United States did not halt its own buildup during the bombing pause—we landed 7,000 troops only 10 days ago—and so has no ground to demand that the North Vietnamese should have halted theirs.

The President also can cite an urgent dispatch from Ambassador Lodge alleging that the bombing was really a great thing after all—that if it did not halt the infiltration, still it hurt the Communists' morale, to such effect that a lot of them are getting beriberi. This looks like the same shabby self-deception that has been pressed upon our people at every stage of this dismal war. At every stage, the people have been told that the military effort which produced such minimal results in retrospect was about to score exciting victories in the future; and at every succeeding stage the people have painfully learned that the new promises did not fulfill themselves any more than the old ones.

The reason is quite clear. The United States occupies the position in Vietnam of a foreign, white, Western, rich intervener in a domestic revolution, and in such a situation all our awesome military power is simply ineffective against the desire of the Vietnamese people to run their own lives.

The illusion that by waging war in Vietnam we are saving the world from communism can best be dispelled by consulting those we profess to be saving. The clear and overwhelming counsel of the non-Communist nations that matter is for curtailment of the war and a peaceful settlement. If the United States now expands the war instead, and so makes a peaceful settlement more difficult if not impossible, we shall earn not the world's gratitude, but moral isolation.

[From the New York (N.Y.) Times, Feb. 1, 1966]

PEACE AND WAR

In a dramatic move timed immediately to follow resumption of the bombing of North Vietnam, President Johnson has asked the Security Council of the United Nations to intervene in the Vietnam conflict by calling for an international conference and a cease-fire. This is an important if long-delayed gesture by the United States that holds the possibility of opening the way to peace and only emphasizes the sincerity of President Johnson's desire to put an end to the war in Vietnam.

It is unfortunate that the resumption of the bombing of North Vietnam was not deferred at least until there was some evidence of the success or failure of the American move in the United Nations. In fact the good effect of the appeal to the U.N. was in

part vitiated by the prior order to resume the bombing. Continuation of the bombing pause would have been a far more effective complement to the U.N. resolution than the renewed bombing attacks on North Vietnamese targets, which will almost certainly lead to further escalation of the war. More men, more planes, more ships, more money, more materiel, more wounded, more dead—these are the unmentioned but probable sequels to the resumption of the bombing of North Vietnam. The course the war took during the previous bombing raids proved that even if the attacks slowed down infiltration from North Vietnam, they did not prevent it. North Vietnamese soldiers and materiel had been going south in quantity long before the bombing pause.

There is no reason to believe that renewed bombing can bring a different result. The United States could bomb Hanoi and Haiphong and even destroy all of North Vietnam without wiping out the threat posed by China. In fact, the danger of a ground war with Communist China, and perhaps a nuclear world war, would thereby be brought considerably closer.

President Johnson argued that "if continued immunity" were given to North Vietnam, "the cost in lives—Vietnamese, American, and allied—will be greatly increased." But if 100,000 or even 500,000 more American troops are sent to Vietnam, as is predicted, many more lives are surely going to be lost. What was a morass is becoming a bottomless pit.

President Johnson said that "the end of the pause does not mean the end of our pursuit for peace." In this he is, of course, completely sincere. The great conflict over Vietnam that has arisen in the United States is precisely over the meaning of "the pursuit for peace." A number of respected and informed Senators and Representatives; military men like Generals Gavin and Ridgway; academic specialists, teachers, and clerics; and a great many friendly foreign statesmen and commentators, all believed and said that the bombing of North Vietnam ought not be resumed. They all felt that peace had not been given a full and fair chance. They all fear the consequences of the United States getting more and more deeply involved in Vietnam.

So far as the bombing of North Vietnam is concerned, the decision has now been made. American troops in the field must be supported; but so must American efforts—inside the United Nations and outside it—to reach an honorable settlement in order to restore peace and self-determination in Vietnam.

TRUTH IN LENDING

Mr. DOUGLAS. Mr. President, I was encouraged to receive recently from the Chicago District Council of the Brotherhood of Railway & Steamship Clerks a resolution expressing its strong support for my truth-in-lending bill.

I ask unanimous consent that this resolution signed by Mr. William G. Denison, president, and Mr. Kenneth A. Stone, secretary-treasurer, of the Brotherhood be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ON TRUTH IN LENDING BILL
BROTHERHOOD OF RAILWAY &
STEAMSHIP CLERKS,
THE CHICAGO DISTRICT COUNCIL,
January 19, 1966.

HON. PAUL H. DOUGLAS,
U.S. Senate, Washington, D.C.

Whereas the consumer is many times gouged by carefully camouflaged sky-high

interest rates and hidden finance charges on so-called easy credit dealings with merchants and lending institutions; and

Whereas consumers need and deserve more Federal protection in order to receive full value for every dollar that they spend to feed, clothe, and house themselves and their families; and

Whereas consumers today are particularly subject to lack of information on the terms of costs of credit and are too often unaware of the full cost of a credit transaction, and therefore unable to compare financing costs because of nonstandard ways of reporting interest charges; and

Whereas disclosures of all finance charges in borrowing or credit-buying arrangements is essential to help consumers protect themselves against abnormally high interest rates and excessive credit charges. Such protection would be required by truth-in-lending legislation before Congress. It would simply require the lenders to disclose the total amount of the loan cost and finance charges expressed in dollars and cents and as simple annual interest rate on the unpaid balance: Therefore, be it

Resolved, That the Chicago District Council wholeheartedly supports the truth-in-lending measure now pending in Congress.

This resolution was unanimously adopted by the Chicago District Council at its regular meeting held on Friday, December 17, 1965. Copies to be sent to Senators DOUGLAS and DIRKSEN, Representatives in Congress and Grand President C. L. Dennis.

KENNETH A. STONE,
Secretary-Treasurer.

Attest:

WILLIAM G. DENISON,
President.

THE IMPORTANCE OF HELPING DEVELOPING NATIONS TO IMPROVE THEIR EDUCATIONAL SYSTEMS

Mr. TYDINGS. Mr. President, President Johnson sent to Congress today his annual request for foreign aid authorization. The President has emphasized the importance of helping developing nations to improve their educational systems.

It is not surprising that education is, almost without exception, the first major goal of developing nations.

To millions of people in the less-developed parts of the world, progress is a schoolhouse.

For that reason, many countries are asking for—and getting—more help with education than any other field of technical assistance. In fiscal 1965, one out of every five AID-financed experts overseas was working in some aspect of education.

Most of these technicians—four out of every five—are staff members of American colleges and universities at work in specialized training programs—training doctors, nurses, public health officers, farm experts, engineers, and public administrators.

Coming the other way, to study in our universities and colleges, are thousands of foreign technicians and professionals who return to their countries to take over the supervision of public education in multiple fields. Since point 4 began in 1949, the United States has financed the training of 94,000 foreign specialists in U.S. institutions, and 19,000 more in the educational institutions of other countries.

In addition, the United States has helped to finance national construction

of: colleges and universities serving 430,000 students; vocational, technical and normal schools enrolling 715,000 students; classrooms—in just 3 years alone—accommodating 6.7 million pupils at all levels of education.

These figures provide dramatic evidence of the impact of our foreign aid program.

The impact is equally impressive, if less visible, in other aspects of educational improvement, such as the efforts now being made to modernize systems of teaching, broaden the subjects of study, and relate them to national requirements for trained manpower.

With this kind of evidence of the progress being made in education, I applaud President Johnson's plans to increase the foreign assistance program on all fronts—to help these developing nations strike, as he puts it, "at the root causes of misery and despair." I think that the \$225 million being asked for that program in the coming fiscal year is a relatively modest price to pay for such progress.

A REPORT ON VIETNAM TO THE CITIZENS OF LOS ANGELES BY MAYOR SAM YORTY

Mr. MURPHY. Mr. President, the attention of our Nation—and indeed the world—is centered on Vietnam and the problems we face in helping achieve self-determination for the people of South Vietnam.

Many Government leaders, including several of my colleagues in the Senate, personally visited Vietnam during the past several months for firsthand observation and information.

I am pleased that Mayor Samuel Yorty, the mayor of one of the Nation's largest cities, Los Angeles, also visited Vietnam. California makes a great contribution to America's defense preparation—and in time of war, to our country's ability to meet the challenge. Not only do we supply manpower, but we supply vast amounts of military equipment and technical know-how. Further, the port of Los Angeles is a major port of embarkation of men and equipment to points throughout the Pacific frontier.

Following his visit, Mayor Yorty reported to the citizens of Los Angeles December 13 in an address to the Council for International Visitors and Sister Cities. His remarks, in my judgment, provide an interesting, thought-provoking and informative analysis of the problems we are confronted with in Vietnam. His observations give us insight into the personality of this war.

He was kind enough to respectfully and sincerely submit a number of suggestions to the President which, I am sure, were carefully reviewed by the administration.

Mayor Yorty, who is incidentally a registered Democrat, has provided a service to his people, to my State, and to our country in contributing to the discussions about Vietnam and in making knowledgeable and helpful suggestions.

I think his remarks are worthy of study. I think they are worthy of being included in the Record of this Congress

during these difficult days of discussion and analysis on our role in southeast Asia, and I ask unanimous consent that they be made a part of the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

A REPORT TO THE CITIZENS BY MAYOR SAM YORTY, DELIVERED DECEMBER 13, 1965, AT LOS ANGELES, TO THE MAYOR'S COUNCIL FOR INTERNATIONAL VISITORS AND SISTER CITIES

Mrs. Jackson, Mr. Lederer, distinguished guests, and especially, the members of the Consular Corps representing the various governments, I would like to first of all thank everyone for coming. I was a bit overwhelmed when I walked in and saw the size of the audience here today. It certainly evidences your great interest in the subject matter of my report to you, and it also indicates that you believe that I was doing something more than socializing in Asia during my visit there.

For your convenience I have tried to divide this report into several parts. First, itinerary, and second, the background facts—about South Vietnam, some of the military problems, some of the political problems, and some possible policy changes.

First of all, I might say that on the way out to Asia I stopped in Honolulu and had about 3 or 4 days of rest. I got some of the vacation that I didn't get last summer after the riots, although I had one planned at the time. In Honolulu I went to the CINPAC (Commander in Chief of Pacific Forces) Headquarters, and had a long conference and a briefing with Admiral Sharp, who, as you know, is our commander of all the forces in the Pacific—everything we have there and not just in Vietnam—all the forces in the Pacific * * * a very great military leader, and a very sound thinker, and a very wonderful inspirational leader of our military forces.

I went to have that briefing at the suggestion of the Commandant of the Marine Corps, General Green, who said to me: "On the way out, I think you ought to stop and see Admiral Sharp and have a briefing. Then, you think about what he tells you on the way to Vietnam."

Well, I can assure you that after the briefing by Admiral Sharp I couldn't think about anything else on my way out to Vietnam, and, I might also add to this point, although it is not important, that because the Los Angeles Times had published an editorial when they found out I might go to Vietnam, saying that Governors should go but mayors shouldn't, and indicating that it would be a hardship on the Armed Forces for the mayor of the third largest city of the United States to visit the area. I asked Admiral Sharp if this were true, and he said, "I want you to go and see what is happening in South Vietnam, so you can report back to your people."

Now, the next stop was Korea, and there, I think, we set an all-time precedent because the mayor of the city of Los Angeles was given an official presidential dinner in the Blue House by President Park. I don't know of any other occasion when the mayor of our city has been so honored. I take it not as a personal honor to me, but as a growing recognition of the importance of Los Angeles, and I was so pleased to have the opportunity to visit again and renew the friendship with President Park which started when he was our guest in Los Angeles. We were also given an official luncheon by the Minister of Defense, Mr. Kim, to which all the military leaders of Korea were invited.

The great surprise was when I went to Chung-Ang University where Dr. Louise Yim, who is an alumnus of USC, is the head of this university—8,000 students there—a very great university at Seoul.

They kept their surprise from me. I had no idea when I walked into the big assem-

blage that they were going to present me with a doctor of laws degree; so during the rest of the trip the others in the party all referred to me as "Doc."

I also had very interesting conversations there with the very learned mayor of Seoul.

We discussed there, also, the possibility of forming a Sister City relationship with the city of Pusan, the name of which will bring back memories to all Americans who followed the Korean fighting. We also had a chance to discuss the Japanese-Korean Treaty which I think makes all of the friends of these two great nations very happy. It's taken a long time. There were many obstacles, emotional blocks, and other reasons and factors that entered into this matter. At long last these two friends of ours have arrived at a rapprochement and have a treaty and I think this bodes very well for the free world. This is indicated by the fact that the Communists so violently opposed the final rapprochement between Korea and Japan. Pursuant to this treaty some of the outstanding problems will now be settled, and in addition to that, a large grant will be given by Japan to South Korea and also short term and long term loans. This, of course, removes some of the burden from us because we have had to give Korea substantial help as you know, and they have used it well to defend their freedom.

Then we went on to Tokyo where, as you know, we met with the Japanese business people who do so much business with our harbor. We had a most successful reception there, and I like to always point out to our Americans that they must realize that Japan is the second best customer of the United States and a large purchaser of our products, and also the best customer of the Los Angeles Harbor. We enjoyed a most successful reception. The Governor of Tokyo came to the reception along with many top business people. Then we went to Nagoya, which to me is a second home. You know we have had a sister city relationship with Nagoya for a long time. Mayor Sugito and I have exchanged visits, and I think it is more or less an example of what sister-city relationships can be when they are at their very best.

From there we went to Hong Kong, where I stayed only briefly, and had a visit with Sir David Trench, who is the British Governor in Hong Kong. As you know, it is a Crown Colony and is completely under his control. We discussed the situation in that area. The others stayed in Hong Kong and went on to Bangkok; I went to Vietnam, but from Vietnam I also went to Bangkok where I met with the mayor and discussed the project that I will talk to you about in a minute, and also met with our military leader there, Gen. Richard Stillwell, who has been in that area a very long time—in Vietnam, in Thailand, in southeast Asia, and who knows a great deal about that area.

Then on the way home, after Vietnam, I again stopped in Honolulu, just between planes, and had another visit with Admiral Sharp so we could compare notes as to the difference in any opinion I might have had on the way out compared with my opinion on the way back.

Of course, South Vietnam was by far the most challenging part of the journey. When I got off the plane there, I was met by Major Hayden, the security officer, and by Mr. Ralph Earl, representing the State Department. I want to say that they could not have been more kind, more considerate, more respectful. Also present was the reporter from the Times, Mr. Salazar who was there to meet the plane.

From there we went almost directly to a hospital in Saigon where I visited with some of the hospitalized soldiers, and also visited the malaria ward where we're having a problem, as you know, by the fact that there seems to be some kind of new strain of

malaria which the normal pills that we use to prevent malaria are not reaching. You always run into this where our people are new to the area and are not immune to some of the infections and diseases that the people in the area may find entirely tolerable. I remember going through this in New Guinea where we had the same thing happen on several occasions. Our doctors with their ingenuity and our research scientists are always able eventually to come up with an answer, but there's lots of pain and suffering in the meantime.

It was at that hospital that I first heard about the "dust-offs." You know, it's a wonderful thing about the fighting men out in the fighting area, each one thinks that his place is fairly secure and brags about his fellow fightingmen who are doing something that they think is more brave. And this boy that I talked to in the hospital; he's a boy to me * * * he is actually a fighting man, but they seem so young that they seem like boys. He was telling me about walking along with his buddy when he ran into one of these booby-trap mines that are set all over the jungle there, and one of these mines went off and blew both legs off of his buddy, and also, of course, injured the man that I met in the hospital. He said that in the midst of all this firing and with bullets flying all around his helicopter the pilot came right on down to rescue them. They call these fellows "dust-offs." And he said, "they don't care about anything; they just go in and get you." He said, "It's a great feeling of comfort to us that these fellows are so brave." Within 20 minutes this boy with his legs blown off was in the hospital under care and is now in New York recovering, and will have artificial legs which is very little consolation, but at least it is something, and it's a great consolation to these fellows to know that these brave "dust-offs" will go in and get them. This is about all he could talk about; he was so proud of the bravery of these fellow soldiers.

Now, my next stop was to go early in the morning to Da Nang. Da Nang is our base closest to the 17th parallel which divides South Vietnam from North Vietnam, and it isn't only one base. We have satellite bases north and south. They are really part of this same complex; this is a marine base. General Green had suggested that he would like me to see it because he wanted me also to see the civic action program of the Marines in the area. We are engaged, not only in military operations in South Vietnam, but we are engaged in another activity to establish the means of carrying on sound government, and in winning the confidence of the people. So the marines in Da Nang are not only fightingmen, they are public relations men. They are helping these people to better their way of life, and to have some stake in freedom and in the victory of the free forces.

We also looked over some of the civic action programs where the marines have helped the people build roads. They have helped them build schools, and they have done many things to let them know that we are their friends, so that on the basis of friendship they can understand us and feel confidence in us.

We returned that night to Saigon and the next morning, early again, we went off for the carrier, *Kittyhawk*. I had a fine chance to talk with Admiral Reedy who was departing after we had lunch to go over and see Mr. McNamara, who was in Saigon at the time. Captain Carmody was in charge of the *Kittyhawk*. He's a famous football player from San Jose State and a very wonderful military man. They told me that on their closed circuit television, they had announced in advance that I would be there, and told the fellows on the ship. And so I had to go to every deck on that ship and make sure that

I visited every department. You know that *Kittyhawk* is 18 levels? You can't believe it, what a massive ship that is. With 5,000 Americans housed in what really amounts to a city, 15,000 meals a day to be served, all that laundry, all the equipment, supplies. I watched the *Kittyhawk* in operation. Planes were being catapulted off the bow of the ship and they were coming in from aft on the slanted deck, and at the same time, they were taking on supplies from another ammunition ship on the side.

It was the busiest place I've ever seen. So many dedicated Americans working awfully hard. Believe me, these fellows were hauling around these big bombs and ammunition and other supplies and the sea was rough and they were having a very hard time. Captain Carmody was pacing the deck up there, worried about the fellows on the ammo ship, afraid they might get hurt because of the rough seas and wondering whether he should discontinue and try again later, and all of this is going on, these fellows are working around the clock. There isn't any 8-hour day, 5-day week there. They just work all the time.

And the pilots * * * these pilots are flying more than you could ever imagine. These missions are taking off regularly all the time. They're just constantly pounding. It's a terrific job that they are doing from these carriers. I went down to a briefing of the pilots and this seemed especially interesting to me because this used to be my job, only I did the intelligence briefing and this was the operations briefing and, of all things, the pilot leading this particular mission was an Air Force pilot on an exchange program with the Navy. We didn't used to do this; I think it's a great idea and we had a lot of fun kidding about it. But to hear the complications of these flights today, the things that these young men have to keep in mind and the instructions; it really is staggering to someone who hasn't heard anything like this for 20 years.

Now, here again, I ran into the same phenomenon, the fighting man always talking about somebody else's bravery. These fellows, these pilots, were all praise for what they called the forward air controller. The subject came up because I asked them exactly what their mission was, and while they had a mission, it was not a definite mission until they reached the target area. There, they met the forward air controller. And they didn't seem to think what they were doing was heroic at all. They were worried about the forward air controller because they said he goes along right over the ground in a flimsy little airplane. The enemy shoots at him but he marks the target for the pilots, and they said, "Why, the other day we were searching for the Vietcong (they say the VC), who were in the bushes around there some place.

"They had our troops pinned down. The troops couldn't move, because every time they started to move they shot at them. We couldn't find where the VC were from up at our altitude, so the forward air controller flew right down over them until he drew their fire and then when they fired on him, he dropped a bomb on them and we went in and let them have it." They said, "there's really the brave guy. Our job is easy compared with his." And so it is with the real fighting men.

They made me lift their gear, which I tell you, must weigh 50 pounds, all the instruments that these young men wear when they're up in these supersonic jets.

Well, after that, of course, back that same night to Saigon, and then the next morning we had a breakfast engagement with USOM people, that's U.S. operation mission, and these are the people who are trying to recruit administrators here in Los Angeles right now to help train the South Vietnamese to govern. This was a very interesting discussion

because it gave me quite a bit of information about the problem of reestablishing government in an area like this and teaching the people how to govern and giving them confidence in themselves to do the job.

And I might say that people who are good administrators who have a talent for getting along with people who know something about government and getting things done, if they would like to do a job in South Vietnam, not in a combat capacity and not especially dangerous but with some danger, they would be welcome, if they would want to apply to the U.S. mission. It's a job that has to be done.

At that point, I got an urgent cable from the State Department asking me to visit one of the USOM projects and take some pictures and make a statement, if I would, about recruiting people.

That morning, we flew up in a helicopter to an area north of Saigon to a little place where the infantry division is located. This division is called the Big Red 1. It's the 1st Infantry Division and these people are in extremely heavy combat in that area. They were taking part in the fight at the Michelin plantation where another unit of the South Vietnam forces was really slaughtered by the Vietcong. We had to go in there with the South Vietnamese and the 1st Infantry Division was engaged in that action.

I asked the commanding general if there was any difference between the draftees and the volunteers in his division. "No difference at all." He said, "When these young men get out here, in our unit, you can't tell which ones are volunteers and which ones were drafted."

I think this is extremely important to you American citizens to realize that these young men did not ask to go there. You sent them there, and in sending them there, you have to accept some responsibilities too. We have to remember that at home.

This is an area, which has been for a long time, under Vietcong control. And so the people in the area are accustomed to having the Vietcong there either all the time or to disappear when the government forces come in, and then come back. There are fortifications underground all over this area. They are completely camouflaged.

You cannot find these underground fortifications * * * some bases capable of holding some 2,000 soldiers, Vietcong soldiers, Communist soldiers * * * and you can't find them. They can simply disappear under the ground; the only way you can find them is to stumble over them, in the thick jungle. The general there in command of this division, told me that one of his lieutenants was out on the forward patrol and stumbled on something that was only this high above the ground, completely camouflaged. (About 3 inches.)

He stirred around there in the grass in the camouflage and found that it was just a small opening into one of these underground labyrinths. He didn't want, of course, to go in there so he took a smoke bomb that he had and threw it in there. But the smoke started to come back out, so in order to make the smoke go down, he took his pancho off and put it over the opening so the smoke would go down. In the meantime, a Vietcong came up from another hole behind him and shot him in the back.

So this is the kind of warfare they employed. They used to hide down in those underground fortifications, then come out and strike the government forces or raid the villages and take the young men away, take the rice and then they go back and disappear.

When the government came they couldn't find them. They may not even go back to the same underground position which they left. They may go to another one. The area is honeycombed with them. It is a most difficult job just to find these underground fortifications and then to deal with them when you find them.

89TH CONGRESS
2D SESSION

S. 2859

IN THE SENATE OF THE UNITED STATES

FEBRUARY 2 (legislative day, JANUARY 26), 1966

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice
and referred to the Committee on Foreign Relations

A BILL

To amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as “The Foreign Assistance Act
4 of 1966.”

PART I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended by striking out in the last sentence of the seventh
10 paragraph the word “surplus”.

1 CHAPTER 2—DEVELOPMENT ASSISTANCE

2 TITLE I—DEVELOPMENT LOAN FUND

3 SEC. 102. Section 202 (a) of the Foreign Assistance
4 Act of 1961, as amended, which relates to authorization of
5 the Development Loan Fund, is amended as follows:

6 (a) Strike out the words beginning with “\$1,200,000,-
7 000” through the words “succeeding fiscal years” and sub-
8 stitute “\$1,250,000,000 for each of the fiscal years 1967
9 through 1971”.

10 (b) Strike out “June 30, 1965, and June 30, 1966” in
11 the second proviso and substitute “June 30, 1967, through
12 June 30, 1971”.

13 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
14 GRANTS

15 SEC. 103. Title II of chapter 2 of part I of the Foreign
16 Assistance Act of 1961, as amended, which relates to tech-
17 nical cooperation and development grants, is amended as
18 follows:

19 (a) Section 211, which relates to general authority, is
20 amended by adding the following subsection:

21 “(d) Funds made available under section 212 may be
22 used for assistance, on such terms and conditions as the
23 President may specify, to research and educational institu-
24 tions in the United States for the purpose of strengthening
25 their capacity to develop the resources likely to be needed

1 for programs concerned with the economic and social devel-
2 opment of less developed countries.”

3 (b) Section 212, which relates to authorization, is
4 amended by striking out all after “President for” and sub-
5 stituting “each of the fiscal years 1967 through 1971 to
6 carry out the purposes of section 211 such amounts as may
7 be necessary, which amounts are authorized to remain avail-
8 able until expended.”

9 (c) Section 214 (c), which relates to authorization for
10 American schools and hospitals abroad, is amended by
11 striking out all after “this section, for” and substituting “each
12 of the fiscal years 1967 through 1971 such amounts as may
13 be necessary, which amounts are authorized to remain avail-
14 able until expended.”

15 TITLE III—INVESTMENT GUARANTIES

16 SEC. 104. Title III of chapter 2 of part I of the
17 Foreign Assistance Act of 1961, as amended, which relates
18 to investment guaranties, is amended as follows:

19 (a) Section 221 (b), which relates to general authority
20 for investment guaranties, is amended as follows:

21 (1) In paragraph (1), strike out “\$5,000,000,000”
22 and substitute “\$10,000,000,000”.

23 (2) In the third proviso of paragraph (2), strike out
24 “\$300,000,000” and “\$175,000,000” and substitute “\$425,-
25 000,000” and “\$300,000,000”, respectively.

1 (3) In the fourth proviso of paragraph (2), strike out
2 “1967” and substitute “1973”.

3 (b) Section 224 (c), which relates to housing projects
4 in Latin American countries, is amended by striking out
5 “1967” in the final proviso and substituting “1971”.

6 **TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES**

7 SEC. 105. Section 232 of the Foreign Assistance Act of
8 1961, as amended, which relates to authorization for surveys
9 of investment opportunities, is amended by striking out all
10 after “President for” and substituting “each of the fiscal
11 years 1967 through 1971 to carry out the purposes of this
12 title, such amounts as may be necessary, which amounts are
13 authorized to remain available until expended”.

14 **TITLE VI—ALLIANCE FOR PROGRESS**

15 SEC. 106. Title VI of chapter 2 of part I of the Foreign
16 Assistance Act of 1961, as amended, which relates to the
17 Alliance for Progress, is amended as follows:

18 (a) Section 251 (b), which relates to general authority,
19 is amended by adding at the end a new sentence as follows:
20 “Funds made available under this title which are not re-
21 quired to be used for loans shall be available for the purposes
22 of section 211 (d).”

23 (b) Section 252, which relates to authorization, is
24 amended as follows:

25 (1) Strike out in the first sentence the words beginning

1 with "use beginning" the first time they appear through the
2 words "year 1966" and substitute "each of the fiscal years
3 1967 through 1971, \$850,000,000, which amounts are
4 authorized to remain available until expended and which,
5 except for \$100,000,000 in each such fiscal year."

6 (2) Strike out the penultimate sentence.

7 (3) Strike out in the final sentence the words "June 30,
8 1965, and June 30, 1966" and substitute "June 30, 1967,
9 through June 30, 1971".

10 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
11 REGIONAL PROGRAMS

12 SEC. 107. Chapter 2 of part I of the Foreign Assistance
13 Act of 1961, as amended, is amended by adding at the end
14 a new title as follows:

15 "TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
16 REGIONAL PROGRAMS

17 "SEC. 271. GENERAL PROVISIONS.—(a) The accelera-
18 tion of social and economic progress in southeast Asia is im-
19 portant to the achievement of the United States foreign
20 policy objectives of peace and stability in that area. It is
21 the sense of Congress that this objective would be served
22 by an expanded effort by the countries of southeast Asia and
23 other interested countries in cooperative programs for social
24 and economic development of the region, employing both
25 multilateral and bilateral channels of assistance.

1 “(b) The President is authorized to furnish assistance,
2 on such terms and conditions as he may determine, in order
3 to promote social and economic development and stability
4 in southeast Asia through multilateral institutions and pro-
5 grams and projects serving regional development purposes.
6 Such institutions, programs, and projects may include but
7 are not limited to special funds of the Asian Development
8 Bank, consortia organized for particular programs and proj-
9 ects and regional arrangements such as the Mekong develop-
10 ment program.

11 “SEC. 272. SPECIAL PROVISIONS.—(a) In providing
12 assistance to further the purposes of this title the President
13 shall take into account:

14 “(1) initiatives in the field of social and economic
15 development by Asian peoples and institutions;

16 “(2) regional economic cooperation and integra-
17 tion in southeast Asia;

18 “(3) the extent of participation by other potential
19 donor countries;

20 “(4) the degree of peaceful cooperation among
21 the countries of southeast Asia toward the solution of
22 common problems; and

23 “(5) the ability of multilateral institutions or other
24 administering authorities to carry out projects and pro-
25 grams effectively, efficiently, and economically.

1 “(b) In the event that funds made available under this
 2 Act are used by or under the supervision of the Interna-
 3 tional Bank for Reconstruction and Development or the
 4 Asian Development Bank in furtherance of the purposes
 5 of this title, such funds may be used without regard to the
 6 requirements of this or any other Act.

7 “SEC. 273. AUTHORIZATION.—There is hereby author-
 8 ized to be appropriated to the President for the purposes
 9 of this title, in addition to other funds available for such
 10 purposes, for use beginning in each of the fiscal years 1967
 11 through 1971, such amounts as may be necessary, which
 12 amounts are authorized to remain available until expended.”

13 CHAPTER 3—INTERNATIONAL ORGANIZATIONS
 14 AND PROGRAMS

15 SEC. 108. Chapter 3 of part I of the Foreign Assistance
 16 Act of 1961, as amended, which relates to international or-
 17 ganizations and programs, is amended as follows:

18 (a) Section 301 (a), which relates to general authority,
 19 is amended by inserting after the words “by such organiza-
 20 tions” the words “, and in the case of the Indus Basin De-
 21 velopment Fund administered by the International Bank
 22 for Reconstruction and Development to make grants and
 23 loans payable as to principal and interest in United States
 24 dollars and subject to the provisions of section 201 (d),”.

1 (b) Section 301 (b), which relates to general authority,
2 is amended by striking out “United Nations Expanded Pro-
3 gram of Technical Assistance and the United Nations Special
4 Fund” and substituting “United Nations Development
5 Program”.

6 (c) Section 302, which relates to authorization, is
7 amended to read as follows:

8 “SEC. 302. AUTHORIZATION.—(a) There is hereby
9 authorized to be appropriated to the President for grants to
10 carry out the purposes of this chapter, in addition to funds
11 available under any other Act for such purposes, for each of
12 the fiscal years 1967 through 1971 such amounts as may be
13 necessary.

14 “(b) There is hereby authorized to be appropriated
15 to the President for loans for Indus Basin Development to
16 carry out the purposes of this chapter, in addition to funds
17 available under this or any other Act for such purposes, for
18 use beginning in the fiscal year 1968, \$51,220,000.

19 “(c) None of the funds available to carry out this
20 chapter shall be contributed to any international organiza-
21 tion or to any foreign government or agency thereof to
22 pay the costs of developing or operating any volunteer
23 program of such organization, government, or agency relat-
24 ing to the selection, training, and programing of volunteer
25 manpower.”

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to authorization for supporting assistance, is amended to read as follows:

“SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to carry out the purposes of this chapter for use beginning in the fiscal year 1966 \$684,200,000, and for each of the fiscal years 1967 through 1971 \$200,000,000, which amounts are authorized to remain available until expended. In addition, there is hereby authorized to be appropriated to the President for use in Vietnam in each of the fiscal years 1967 through 1971 to carry out the purposes of this chapter such amounts as may be necessary, which amounts are authorized to remain available until expended. Funds made available pursuant to this section for use in Vietnam shall be available for transfer for expenses authorized by section 637 (a) of this Act and incurred in connection with programs in Vietnam.”

CHAPTER 5—CONTINGENCY FUND

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a) insert after “not to exceed \$50,-

1 000,000” the words “and for each of the fiscal years 1967
2 through 1971, \$150,000,000”.

3 (b) In subsection (a) strike out the second sentence.

4 (c) In subsection (b) strike out “the first sentence of”.

5 PART III

6 CHAPTER 1—GENERAL PROVISIONS

7 SEC. 201. Chapter 1 of part III of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to general pro-
9 visions, is amended as follows:

10 (a) Section 608 (a), which relates to advance acquisi-
11 tion of property, is amended by inserting “(including per-
12 sonnel costs)” after the word “costs” the first time it appears
13 in the first sentence.

14 (b) Section 620 (1), which relates to a prohibition
15 against furnishing assistance to certain countries, is amended
16 to read as follows:

17 “(1) The President shall consider denying assistance
18 under this Act to the government of any less developed
19 country which, after December 31, 1966, has failed to enter
20 into an agreement with the President to institute the invest-
21 ment guaranty program under section 221 (b) (1) of this
22 Act, providing protection against the specific risks of in-
23 convertibility under subparagraph (A), and expropriation
24 or confiscation under subparagraph (B), of such section 221
25 (b) (1).”

1 **CHAPTER 2—ADMINISTRATIVE PROVISIONS**

2 **SEC. 202.** Chapter 2 of part III of the Foreign Assist-
3 ance Act of 1961, as amended, which relates to administra-
4 tive provisions is amended as follows:

5 (a) Section 622 (b) , which relates to coordination with
6 foreign policy, is amended by striking all after “assistance
7 (including” and substituting “civic action) or sales programs
8 and economic assistance are fully coordinated, and his com-
9 ments shall accompany such recommendations.”

10 (b) Section 622 (c) , which relates to coordination with
11 foreign policy, is amended by striking all after “general
12 direction of” and substituting “economic assistance and
13 military assistance and sales programs, including but not
14 limited to determining whether there shall be a military
15 assistance (including civic action) or sales program for a
16 country and the value thereof, to the end that such programs
17 are effectively integrated both at home and abroad and the
18 foreign policy of the United States is best served thereby.”

19 (c) Section 634 (d) , which relates to reports and infor-
20 mation, is amended by inserting immediately preceding the
21 first sentence the following: “In presenting requests to the
22 Congress for appropriations for fiscal years 1968 through
23 1971 to carry out programs under this Act, the President
24 shall also present the program to be carried out with the

1 funds appropriated for the respective fiscal year to the Com-
2 mittee on Foreign Relations of the Senate, if requested to do
3 so by the chairman of that committee, and to the Speaker of
4 the House of Representatives, if requested to do so by the
5 Speaker.”

6 (d) Section 635 (h), which relates to general authori-
7 ties, is amended by inserting “(except development loans)”
8 after “II, V, and VI”.

9 (e) Section 637 (a), which relates to administrative
10 expenses, is amended by striking out the words from “the
11 fiscal year” through “\$54,240,000” and substituting “each
12 of the fiscal years 1967 through 1971 such amounts as may
13 be necessary”.

14 (f) Section 644 (l), which relates to surplus agricul-
15 tural commodities, is deleted.

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

FEBRUARY 2 (legislative day, JANUARY 26), 1966
Read twice and referred to the Committee on
Foreign Relations

gather—can become the final, terrible midnight of mankind.

The International Education and Health Acts of 1966 present an opportunity to begin a great shared adventure with other nations.

I urge the Congress to act swiftly for passage of both measures.

Our national interest warrants it.
The work of peace demands it.

LYNDON B. JOHNSON.
THE WHITE HOUSE, February 2, 1966.

Mr. MUSKIE subsequently said: Mr. President, I understand there is a message from the President of the United States on "International Education and Health Acts of 1966," together with two drafted bills on the subject sent to the Vice President by the Department of Health, Education, and Welfare. Since these issues involve subject matters in the jurisdiction of both the Labor and Public Welfare Committee and the Foreign Relations Committee I ask unanimous consent that the message be referred to both committees.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1407) for the relief of Frank E. Lipp, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 3758. An act for the relief of Mary F. Thomas;

H.R. 4599. An act to provide for the free entry of certain stained glass for the Congregation Emanuel of Denver, Colo.;

H.R. 5831. An act to provide for the free entry of certain stained glass and cement windows for our Lady of the Angels Seminary of Glenmont, N.Y.;

H.R. 6728. An act for the relief of Morris L. Kaiden;

H.R. 6729. An act for the relief of Vivian Cohen Kaiden; and

H.R. 8647. An act for the relief of the Troubadors Drum and Bugle Corps of Bridgeport, Conn.

The message informed the Senate that, pursuant to the provisions of section 1, Public Law 86-420, the Speaker had appointed Mr. Nix of Pennsylvania, Mr. McDOWELL of Delaware, Mr. WRIGHT of Texas, Mr. JOHNSON of California, Mr. CAMERON of California, Mr. SLACK of West Virginia, Mr. GONZALEZ of Texas, Mr. DERWINSKI of Illinois, Mr. SPRINGER of Illinois, Mr. MORSE of Massachusetts, Mr. HARVEY of Michigan, and Mr. BELL of California as members of the U.S. delegation of the Mexico-United States Interparliamentary Group for the meeting to be held February 9-16, 1966, at Washington, Philadelphia, and San Francisco, on the part of the House.

The message also informed the Senate that, pursuant to the provisions of section 1, Public Law 372, 84th Congress, as amended, the Speaker had appointed Mr. THOMPSON of New Jersey

as a member of the Franklin Delano Roosevelt Memorial Commission, to fill the vacancy caused by the resignation of Mr. Roosevelt of California.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 3758. An act for the relief of Mary F. Thomas;

H.R. 6728. An act for the relief of Morris L. Kaiden;

H.R. 6729. An act for the relief of Vivian Cohn Kaiden; and

H.R. 8647. An act for the relief of the Troubadors Drum and Bugle Corps of Bridgeport, Conn.; to the Committee on the Judiciary.

H.R. 4599. An act to provide for the free entry of certain stained glass for the Congregation Emanuel of Denver, Colo.; and

H.R. 5831. An act to provide for the free entry of certain stained glass and cement windows for Our Lady of the Angels Seminary of Glenmont, N.Y.; to the Committee on Finance.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

STATEMENT OF RECEIPTS AND EXPENDITURES, CHESAPEAKE & POTOMAC TELEPHONE CO.

A letter from the vice president of the Chesapeake & Potomac Telephone Co., Washington, D.C., transmitting, pursuant to law, a statement of receipts and expenditures of that company for the year 1965 (with an accompanying statement); to the Committee on the District of Columbia.

REPORT ON POSITIONS IN GRADES GS-16, GS-17, AND GS-18

A letter from the Director, Federal Bureau of Investigation, Department of Justice, Washington, D.C., transmitting, pursuant to law, a report on positions in grades GS-16, GS-17, and GS-18, as of December 31, 1965 (with an accompanying report); to the Committee on Post Office and Civil Service.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARTLETT (by request):

S. 2858. A bill to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies; to the Committee on Commerce.

(See the remarks of Mr. BARTLETT when he introduced the above bill, which appear under a separate heading.)

By Mr. FULBRIGHT (by request):

S. 2859. A bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. ALLOTT:

S. 2860. A bill to increase the basic pay of enlisted members of the uniformed services in the lowest four pay grades with not more than 2 years of service; to the Committee on Armed Services.

(See the remarks of Mr. ALLOTT when he introduced the above bill, which appear under a separate heading.)

By Mr. FULBRIGHT (by request):

S. 2861. A bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. GRUENING:

S. 2862. A bill to release the community of Angoon, Alaska, from certain indebtedness; to the Committee on the Judiciary.

(See the remarks of Mr. GRUENING when he introduced the above bill, which appear under a separate heading.)

By Mr. THURMOND:

S. 2863. A bill to amend the Communications Act of 1934 in order to prohibit telegraph carriers from engaging in the offering for sale and the sale to the public of flowers and ornamental plants; to the Committee on Commerce.

By Mr. MOSS:

S. 2864. A bill to assist the States in providing technical recreation service and advice to private landowners and local public agencies relating to the management and development of areas for public outdoor recreation, and for other purposes; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MOSS when he introduced the above bill, which appear under a separate heading.)

By Mr. JAVITS (for himself and Mr. RANDOLPH):

S.J. Res. 134. Joint resolution to promote the maintenance of international peace and security in southeast Asia and to supplement Public Law 88-408; to the Committee on Foreign Relations.

(See the remarks of Mr. JAVITS when he introduced the above joint resolution, which appear under a separate heading.)

MERCHANT VESSEL CONSTRUCTION CO.

Mr. BARTLETT. Mr. President, by request, I introduce, for appropriate reference, a bill to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies.

This proposed legislation would extend for 2 additional years to June 30, 1968, the authority of the Secretary of Commerce to pay up to 55-percent differential in the construction of merchant vessels. Actually, it had been my hope that this bill, which comes before the Congress year after year, would not have to be introduced again in 1966. I had hoped that Congress by now would have had before it the statement of the President's new maritime policy program, an action which might well have obviated the necessity of independent consideration of this proposed legislation. For some time the Congress has made the extension effective for 1 year only. I think it should be for 2 years at least. Quite obviously the cost of building in American shipyards is, if anything increasing over the cost in foreign yards so in the next 2 years there is no possibility whatsoever of U.S. costs matching those abroad. It should be remembered that the 55-percent differential is an upper ceiling, representing the very limit of the subsidy payments which go not to the operators of the U.S. merchant marine fleet but to the shipyards from which their vessels come.

It has been a settled policy that these vessels should be built domestically. Costs are higher here. The argument is that it is worth while to pay these costs in order to maintain the shipyard industry in being. Contrary arguments have been advanced, especially in the last year. But no proposals have come before the Congress for changes in the system we have used. Accordingly, I think it would be best for everyone if the extension were for 2 years instead of for half that period. Should necessity arise—which I seriously doubt it will—it will be as easy to amend a 2-year extension as to seek a further 1-year extension next year. Finally, Mr. President, this bill, it should be emphasized, does not provide for the payment of a 55-percent differential whenever a merchant vessel eligible for that differential is constructed. If the American shipyards are 51 percent higher in price than the foreign shipyards used in comparison, the 51 percent is the premium which will be paid, not 55 percent. Mr. President, I request that the bill now introduced be appropriately referred.

The PRESIDING OFFICER (Mr. BAYH in the chair). The bill will be received and appropriately referred.

The bill (S. 2858) to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies, introduced by Mr. BARTLETT, by request, was received, read twice by its title, and referred to the Committee on Commerce.

THE FOREIGN ASSISTANCE ACT OF 1966

Mr. FULBRIGHT. Mr. President, by request, I introduce, for appropriate reference, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

This legislation has been requested by the President, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed at this point in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2859) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, introduced by Mr. FULBRIGHT, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

S. 2859

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1966."

PART I

Chapter 1—Policy

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended by striking out in the last sentence of the seventh paragraph the word "surplus".

Chapter 2—Development assistance

Title I—Development Loan Fund

SEC. 102. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorization of the Development Loan Fund, is amended as follows:

(a) Strike out the words beginning with "\$1,200,000,000" through the words "succeeding fiscal years" and substitute "\$1,250,000,000 for each of the fiscal years 1967 through 1971".

(b) Strike out "June 30, 1965, and June 30, 1966" in the second proviso and substitute "June 30, 1967 through June 30, 1971".

Title II—Technical Cooperation and Development Grants

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Section 211, which relates to general authority, is amended by adding the following subsection:

"(d) Funds made available under section 212 may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop the resources likely to be needed for programs concerned with the economic and social development of less developed countries."

(b) Section 212, which relates to authorization, is amended by striking out all after "President for" and substituting "each of the fiscal years 1967 through 1971 to carry out the purposes of section 211 such amounts as may be necessary, which amounts are authorized to remain available until expended."

(c) Section 214(c), which relates to authorization for American schools and hospitals abroad, is amended by striking out all after "this section, for" and substituting "each of the fiscal years 1967 through 1971 such amounts as may be necessary, which amounts are authorized to remain available until expended."

Title III—Investment Guaranties

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and substitute "\$10,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and substitute "\$425,000,000" and "\$300,000,000" respectively.

(3) In the fourth proviso of paragraph (2), strike out "1967" and substitute "1973".

(b) Section 224(c), which relates to housing projects in Latin American countries, is amended by striking out "1967" in the final proviso and substituting "1971".

Title IV—Surveys of Investment Opportunities

SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to authorization for surveys of investment opportunities, is amended by striking out all after "President for" and substituting "each of the fiscal years 1967 through 1971 to carry out the purposes of this title, such amounts as may be necessary, which amounts are authorized to remain available until expended."

Title VI—Alliance for Progress

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251(b), which relates to general authority, is amended by adding at the end a new sentence as follows: "Funds made available under this title which are not required to be used for loans shall be available for the purposes of section 211(d)."

(b) Section 252, which relates to authorization, is amended as follows:

(1) Strike out in the first sentence the words beginning with "use beginning" the first time they appear through the words "year 1966" and substitute "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$100,000,000 in each such fiscal year".

(2) Strike out the penultimate sentence.

(3) Strike out in the final sentence the words "June 30, 1965 and June 30, 1966" and substitute "June 30, 1967 through June 30, 1971".

Title VIII—Southeast Asia Multilateral and Regional Programs

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end a new title as follows:

"Title VIII—Southeast Asia Multilateral and Regional Programs

"SEC. 271. GENERAL PROVISIONS. (a) The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.

"(b) The President is authorized to furnish assistance, on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia through multilateral institutions and programs and projects serving regional development purposes. Such institutions, programs and projects may include but are not limited to special funds of the Asian Development Bank, consortia organized for particular programs and projects, and regional arrangements such as the Mekong development program.

"SEC. 272. SPECIAL PROVISIONS. (a) In providing assistance to further the purposes of this title the President shall take into account:

"(1) initiatives in the field of social and economic development by Asian peoples and institutions;

"(2) regional economic cooperation and integration in Southeast Asia;

"(3) the extent of participation by other potential donor countries;

"(4) the degree of peaceful cooperation among the countries of Southeast Asia toward the solution of common problems; and

"(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently and economically.

"(b) In the event that funds made available under this Act are used by or under the supervision of the International Bank for Reconstruction and Development or the Asian Development Bank in furtherance of the purposes of this title, such funds may be used without regard to the requirements of this or any other Act.

"SEC. 273. AUTHORIZATION. There is hereby authorized to be appropriated to the Presi-

dent for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1967 through 1971, such amounts as may be necessary, which amounts are authorized to remain available until expended."

Chapter 3—International organizations and programs

SEC. 108. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Section 301(a), which relates to general authority, is amended by inserting after the words "by such organizations" the words "and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d).",

(b) Section 301(b), which relates to general authority, is amended by striking out "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund" and substituting "United Nations Development Program".

(c) Section 302, which relates to authorization, is amended to read as follows:

"SEC. 302. AUTHORIZATION. (a) There is hereby authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for each of the fiscal years 1967 through 1971 such amounts as may be necessary.

(b) There is hereby authorized to be appropriated to the President for loans for Indus Basin Development to carry out the purposes of this chapter, in addition to funds available under this or any other Act for such purposes, for use beginning in the fiscal year 1968, \$51,220,000.

(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower."

Chapter 4—Supporting assistance

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to authorization for supporting assistance, is amended to read as follows:

"SEC. 402. AUTHORIZATION. There is hereby authorized to be appropriated to the President to carry out the purposes of this chapter for use beginning in the fiscal year 1966 \$684,200,000, and for each of the fiscal years 1967 through 1971 \$200,000,000, which amounts are authorized to remain available until expended. In addition, there is hereby authorized to be appropriated to the President for use in Vietnam in each of the fiscal years 1967 through 1971 to carry out the purposes of this chapter such amounts as may be necessary, which amounts are authorized to remain available until expended. Funds made available pursuant to this section for use in Vietnam shall be available for transfer for expenses authorized by section 637(a) of this Act and incurred in connection with programs in Vietnam."

Chapter 5—Contingency fund

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a) insert after "not to exceed \$50,000,000" the words "and for each of the fiscal years 1967 through 1971, \$150,000,000".

(b) In subsection (a) strike out the second sentence.

(c) In subsection (b) strike out "the first sentence of".

PART III

Chapter 1—General provisions

SEC. 201. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 608(a), which relates to advance acquisition of property, is amended by inserting "(including personnel costs)" after the word "costs" the first time it appears in the first sentence.

(b) Section 620(1), which relates to a prohibition against furnishing assistance to certain countries, is amended to read as follows:

"(1) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1)."

Chapter 2—Administrative provisions

SEC. 202. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Section 622(b), which relates to coordination with foreign policy, is amended by striking all after "assistance (including)" and substituting "civic action) or sales programs and economic assistance are fully coordinated, and his comments shall accompany such recommendations."

(b) Section 622(c), which relates to coordination with foreign policy, is amended by striking all after "general direction of" and substituting "economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

(c) Section 634(d), which relates to reports and information, is amended by inserting immediately preceding the first sentence the following: "In presenting requests to the Congress for appropriations for fiscal years 1968 through 1971 to carry out programs under this Act, the President shall also present the program to be carried out with the funds appropriated for the respective fiscal year to the Committee on Foreign Relations of the Senate, if requested to do so by the chairman of that committee, and to the Speaker of the House of Representatives, if requested to do so by the Speaker."

(d) Section 635(h), which relates to general authorities, is amended by inserting "(except development loans)" after "II, V, and VI".

(e) Section 637(a), which relates to administrative expenses, is amended by striking out the words from "the fiscal year" through "\$54,240,000" and substituting "each of the fiscal years 1967 through 1971 such amounts as may be necessary".

(f) Section 644(1), which relates to surplus agricultural commodities, is deleted.

INCREASED PAY OF CERTAIN ENLISTED MEMBERS OF THE UNIFORMED SERVICES

Mr. ALLOTT. Mr. President, I introduce, for appropriate reference, a bill to increase the basic pay of enlisted members of the uniformed services in

the lowest four pay grades with no more than 2 years of service.

Mr. President, I have been disturbed for several years at the way in which we shortchange the lowest grades of enlisted personnel. Recent military pay changes have not corrected the inequity which I feel exists in the pay structure, and the bill which I introduce today would be at least a start in the right direction.

To many of our young servicemen find it necessary to moonlight in order to supplement their pay and those who do not do so, often find themselves in the clutches of the loan shark. Being away from their families during their off-duty hours or being hounded by creditors makes these young men look forward to nothing so much as the day they can leave military service. Hence, these inequities must be corrected if we hope to maintain the trained reserve military force so necessary in these critical times.

My proposal would increase the pay of the three lowest grades, E-1, E-2, and E-3, by an immediate 10 percent. In addition, the lowest four grades would receive a 5-percent raise at the end of 1 year of service. This area, the lowest enlisted ranks in their first 2 years of service, seems to me to be the most in need of revision, and the measure I introduce is confined to that.

By way of illustration, E-1 service personnel with less than 2 years of service receive base pay of \$93.90 per month. The bill I propose would increase the pay of that grade to \$103.30 per month for 1 year or less of service, and to \$108.45 for the second year of service.

In terms of total pay and allowances, an E-1 with two dependents, after 1 year of service, receives \$2,525.50 per year. My proposal would increase this to \$2,700.10. An E-3 with three dependents, after 1 year of service, presently receives \$3,076.30, including allowances. This would increase to \$3,295.90 under my proposal.

A comparison of the present and proposed scales of basic pay is as follows:

Present scale

Grade	2 years or less
E-5	\$194.10
E-4	163.50
E-3	117.90
E-2	97.50
E-1	93.90
Under 4 months	87.90

Proposed scale

Grade	1 year or less	Over 1 year
E-5	\$194.10	\$194.10
E-4	163.50	171.70
E-3	129.70	136.20
E-2	107.25	112.60
E-1	103.30	108.45
Under 4 months	96.70	

Mr. President, I ask unanimous consent that the bill may lie on the desk through Friday afternoon in order that such other Members of the Senate as may wish to be cosponsors may do so.

The PRESIDING OFFICER. The bill will be received and appropriately re-

ferred; and, without objection, the bill will lie on the desk, as requested by the Senator from Colorado.

The bill (S. 2860) to increase the basic pay of enlisted members of the uniformed services in the lowest four pay grades with not more than 2 years of service, introduced by Mr. ALLOTT, was received, read twice by its title, and referred to the Committee on Armed Services.

MILITARY ASSISTANCE AND SALES ACT OF 1966

Mr. FULBRIGHT. Mr. President, by request, I introduce, for appropriate reference, a bill to promote foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security.

The proposed legislation has been requested by the President, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2861) to promote the foreign policy, security and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

S. 2861

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Military Assistance and Sales Act of 1966".

CHAPTER 1—FOREIGN POLICY OBJECTIVES, COORDINATION, AND DEFINITIONS

SECTION 1. FOREIGN POLICY OBJECTIVES.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as the Soviet Union or Communist China continue by threat of military action, by use of economic pressure, and by internal subversion or other means, to attempt to bring under their domination peoples now free and independent, and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is, therefore, the purpose of this Act to authorize measures in the common defense

against internal and external aggression, including the furnishing of military assistance, upon request, to friendly foreign countries and international organizations of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs, be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves, and be cognizant of the external and internal pressures which hamper their growth.

In furnishing military assistance it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass-destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress reaffirms its belief in the importance of regional organizations of free people for collective defense, such as the North Atlantic Treaty Organization, the Organization of American States, the Southeast Asia Treaty Organization, the Central Treaty Organization, and others. The Congress hopes that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation made more effective in the protection of the independence and security of free peoples, in the development of their economic and social well-being, and in the safeguarding of their basic rights and liberties. The Congress welcomes, in particular, steps which have been taken to integrate and coordinate procurement, research, development, production, and logistics support of defense articles by the members of the North Atlantic Treaty Organization.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment of an inter-American military force under the control of the Organization of the American States for peacekeeping missions in the Western Hemisphere. Similar forces in other areas should be encouraged where appropriate.

In enacting this legislation, it is therefore the intention of Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or if necessary defeat aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and orderly change in developing friendly countries through civic action and other programs essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in the common undertaking to meet these goals.

SEC. 2. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance (including civic action) or sales programs and economic assistance are fully coordinated, and his comments shall accompany such recommendations.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general

direction of economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 3. DEFINITIONS.—As used in this Act—

(a) "Armed Forces of the United States" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(b) "Defense article" includes any—

(1) weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) property, installation, commodity, material, equipment, supply, or goods used for the purposes of this Act;

(3) machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; and

(4) component or part of any article listed in this subsection;

but shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.), source material, byproduct material, special nuclear material, or atomic weapons.

(c) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, drawing, technical manual, publication, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the Restricted Data category under section 142(d) of that Act.

(d) "Defense service" includes packing, crating, handling transportation, and any test, inspection, repair, rehabilitation, technical assistance, training, defense information, or other service used for the purposes of this Act.

(e) "Excess defense articles" means the quantity of defense articles owned by the United States Government and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations under this Act.

(f) "Mobilization reserve" means the quantity of defense services determined to be required, under regulations prescribed by the Secretary of Defense, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(g) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(h) "Training" includes—

(1) formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses;

(2) technical, educational, or informational publications and media of all kinds;

(3) training aid;

(4) orientation;

(5) training exercises; and

(6) military advice to foreign military units and forces.

(i) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries

89TH CONGRESS
2D SESSION

H. R. 12449

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1966

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1966".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended by striking out in the last sentence of the seventh
10 paragraph the word "surplus".

1 CHAPTER 2—DEVELOPMENT ASSISTANCE

2 TITLE I—DEVELOPMENT LOAN FUND

3 SEC. 102. Section 202 (a) of the Foreign Assistance
4 Act of 1961, as amended, which relates to authorization of
5 the Development Loan Fund, is amended as follows:

6 (a) Strike out the words beginning with “\$1,200,000,-
7 000” through the words “succeeding fiscal years” and sub-
8 stitute “\$1,250,000,000 for each of the fiscal years 1967
9 through 1971”.

10 (b) Strike out “June 30, 1965, and June 30, 1966”
11 in the second proviso and substitute “June 30, 1967, through
12 June 30, 1971”.

13 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
14 GRANTS

15 SEC. 103. Title II of chapter 2 of part I of the Foreign
16 Assistance Act of 1961, as amended, which relates to tech-
17 nical cooperation and development grants, is amended as
18 follows:

19 (a) Section 211, which relates to general authority, is
20 amended by adding the following subsection:

21 “(d) Funds made available under section 212 may be
22 used for assistance, on such terms and conditions as the
23 President may specify, to research and educational institu-
24 tions in the United States for the purpose of strengthening
25 their capacity to develop the resources likely to be needed

1 for programs concerned with the economic and social de-
2 velopment of less developed countries.”

3 (b) Section 212, which relates to authorization, is
4 amended by striking out all after “President for” and sub-
5 stituting “each of the fiscal years 1967 through 1971 to
6 carry out the purposes of section 211 such amounts as may
7 be necessary, which amounts are authorized to remain avail-
8 able until expended.”

9 (c) Section 214 (c), which relates to authorization for
10 American schools and hospitals abroad, is amended by
11 striking out all after “this section, for” and substituting “each
12 of the fiscal years 1967 through 1971 such amounts as may
13 be necessary, which amounts are authorized to remain avail-
14 able until expended.”

15 TITLE III—INVESTMENT GUARANTIES

16 SEC. 104. Title III of chapter 2 of part I of the Foreign
17 Assistance Act of 1961, as amended, which relates to in-
18 vestment guaranties, is amended as follows:

19 (a) Section 221 (b), which relates to general authority
20 for investment guaranties, is amended as follows:

21 (1) In paragraph (1), strike out “\$5,000,000,000”
22 and substitute “\$10,000,000,000”.

23 (2) In the third proviso of paragraph (2), strike out
24 “\$300,000,000” and “\$175,000,000” and substitute “\$425,-
25 000,000” and “\$300,000,000”, respectively.

1 (3) In the fourth proviso of paragraph (2), strike out
2 “1967” and substitute “1973”.

3 (b) Section 224 (c), which relates to housing projects
4 in Latin American countries, is amended by striking out
5 “1967” in the final proviso and substituting “1971”.

6 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

7 SEC. 105. Section 232 of the Foreign Assistance Act
8 of 1961, as amended, which relates to authorization for
9 surveys of investment opportunities, is amended by striking
10 out all after “President for” and substituting “each of the
11 fiscal years 1967 through 1971 to carry out the purposes
12 of this title, such amounts as may be necessary, which
13 amounts are authorized to remain available until expended.”

14 TITLE VI—ALLIANCE FOR PROGRESS

15 SEC. 106. Title VI of chapter 2 of part I of the Foreign
16 Assistance Act of 1961, as amended, which relates to the
17 Alliance for Progress, is amended as follows:

18 (a) Section 251 (b), which relates to general authority,
19 is amended by adding at the end a new sentence as follows:
20 “Funds made available under this title which are not required
21 to be used for loans shall be available for the purposes of
22 section 211 (d).”

23 (b) Section 252, which relates to authorization, is
24 amended as follows:

25 (1) Strike out in the first sentence the words beginning

1 with "use beginning" the first time they appear through
 2 the words "year 1966" and substitute "each of the fiscal
 3 years 1967 through 1971, \$850,000,000, which amounts are
 4 authorized to remain available until expended and which,
 5 except for \$100,000,000 in each such fiscal year".

6 (2) Strike out the penultimate sentence.

7 (3) Strike out in the final sentence the words "June 30,
 8 1965 and June 30, 1966" and substitute "June 30, 1967
 9 through June 30, 1971".

10 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
 11 REGIONAL PROGRAMS

12 SEC. 107. Chapter 2 of part I of the Foreign Assistance
 13 Act of 1961, as amended, is amended by adding at the end
 14 a new title as follows:

15 "TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
 16 REGIONAL PROGRAMS

17 "SEC. 271. GENERAL PROVISIONS.—(a) The accelera-
 18 tion of social and economic progress in southeast Asia is
 19 important to the achievement of the United States foreign
 20 policy objectives of peace and stability in that area. It is
 21 the sense of Congress that this objective would be served
 22 by an expanded effort by the countries of southeast Asia and
 23 other interested countries in cooperative programs for social
 24 and economic development of the region, employing both
 25 multilateral and bilateral channels of assistance.

1 “(b) The President is authorized to furnish assistance,
2 on such terms and conditions as he may determine, in order
3 to promote social and economic development and stability in
4 southeast Asia through multilateral institutions and programs
5 and projects serving regional development purposes. Such
6 institutions, programs and projects may include but are not
7 limited to special funds of the Asian Development Bank,
8 consortia organized for particular programs and projects
9 and regional arrangements such as the Mekong development
10 program.

11 “SEC. 272. SPECIAL PROVISIONS.—(a) In providing
12 assistance to further the purposes of this title the President
13 shall take into account:

14 “(1) initiatives in the field of social and economic
15 development by Asian peoples and institutions;

16 “(2) regional economic cooperation and integra-
17 tion in southeast Asia;

18 “(3) the extent of participation by other potential
19 donor countries;

20 “(4) the degree of peaceful cooperation among the
21 countries of southeast Asia toward the solution of com-
22 mon problems; and

23 “(5) the ability of multilateral institutions or other
24 administering authorities to carry out projects and pro-
25 grams effectively, efficiently, and economically.

1 “(b) In the event that funds made available under this
 2 Act are used by or under the supervision of the International
 3 Bank for Reconstruction and Development or the Asian De-
 4 velopment Bank in furtherance of the purposes of this title,
 5 such funds may be used without regard to the requirements
 6 of this or any other Act.

7 “SEC. 273. AUTHORIZATION.—There is hereby author-
 8 ized to be appropriated to the President for the purposes of
 9 this title, in addition to other funds available for such pur-
 10 poses, for use beginning in each of the fiscal years 1967
 11 through 1971, such amounts as may be necessary, which
 12 amounts are authorized to remain available until expended.”

13 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 14 AND PROGRAMS

15 SEC. 108. Chapter 3 of part I of the Foreign Assistance
 16 Act of 1961, as amended, which relates to international or-
 17 ganizations and programs, is amended as follows:

18 (a) Section 301 (a), which relates to general authority,
 19 is amended by inserting after the words “by such organiza-
 20 tions” the words “, and in the case of the Indus Basin De-
 21 velopment Fund administered by the International Bank for
 22 Reconstruction and Development to make grants and loans
 23 payable as to principal and interest in United States dollars
 24 and subject to the provisions of section 201 (d),”.

1 (b) Section 301 (b), which relates to general authority,
2 is amended by striking out “United Nations Expanded Pro-
3 gram of Technical Assistance and the United Nations Spe-
4 cial Fund” and substituting “United Nations Development
5 Program”.

6 (c) Section 302, which relates to authorization, is
7 amended to read as follows:

8 “SEC. 302. AUTHORIZATION.—(a) There is hereby
9 authorized to be appropriated to the President for grants to
10 carry out the purposes of this chapter, in addition to funds
11 available under any other Act for such purposes, for each of
12 the fiscal years 1967 through 1971 such amounts as may
13 be necessary.

14 “(b) There is hereby authorized to be appropriated to
15 the President for loans for Indus Basin Development to carry
16 out the purposes of this chapter, in addition to funds available
17 under this or any other Act for such purposes, for use begin-
18 ning in the fiscal year 1968, \$51,220,000.

19 “(c) None of the funds available to carry out this
20 chapter shall be contributed to any international organization
21 or to any foreign government or agency thereof to pay the
22 costs of developing or operating any volunteer program of
23 such organization, government, or agency relating to the
24 selection, training, and programing of volunteer manpower.”

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to authorization for supporting assistance, is amended to read as follows:

“SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to carry out the purposes of this chapter for use beginning in the fiscal year 1966 \$684,200,000, and for each of the fiscal years 1967 through 1971, \$200,000,000, which amounts are authorized to remain available until expended. In addition, there is hereby authorized to be appropriated to the President for use in Vietnam in each of the fiscal years 1967 through 1971 to carry out the purposes of this chapter such amounts as may be necessary, which amounts are authorized to remain available until expended. Funds made available pursuant to this section for use in Vietnam shall be available for transfer for expenses authorized by section 637 (a) of this Act and incurred in connection with programs in Vietnam.”

CHAPTER 5—CONTINGENCY FUND

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a) insert after “not to exceed \$50,-

1 000,000” the words “and for each of the fiscal years 1967
2 through 1971, \$150,000,000”.

3 (b) In subsection (a) strike out the second sentence.

4 (c) In subsection (b) strike out “the first sentence of”.

5 PART III

6 CHAPTER 1—GENERAL PROVISIONS

7 SEC. 201. Chapter 1 of part III of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to general
9 provisions, is amended as follows:

10 (a) Section 608 (a), which relates to advance acquisi-
11 tion of property, is amended by inserting “(including per-
12 sonnel costs)” after the word “costs” the first time it ap-
13 pears in the first sentence.

14 (b) Section 620 (1), which relates to a prohibition
15 against furnishing assistance to certain countries, is amended
16 to read as follows:

17 “(1) The President shall consider denying assistance
18 under this Act to the government of any less developed
19 country which, after December 31, 1966, has failed to enter
20 into an agreement with the President to institute the invest-
21 ment guaranty program under section 221 (b) (1) of this
22 Act, providing protection against the specific risks of in-
23 convertibility under subparagraph (A), and expropriation
24 or confiscation under subparagraph (B), of such section
25 221 (b) (1).”

1 CHAPTER 2—ADMINISTRATIVE PROVISIONS

2 SEC. 202. Chapter 2 of part III of the Foreign Assist-
3 ance Act of 1961, as amended, which relates to administra-
4 tive provisions, is amended as follows:

5 (a) Section 622 (b) , which relates to coordination with
6 foreign policy, is amended by striking all after “assistance
7 (including” and substituting “civic action) or sales pro-
8 grams and economic assistance are fully coordinated, and
9 his comments shall accompany such recommendations.”

10 (b) Section 622 (c) , which relates to coordination with
11 foreign policy, is amended by striking all after “general
12 direction of” and substituting “economic assistance and mili-
13 tary assistance and sales programs, including but not limited
14 to determining whether there shall be a military assistance
15 (including civic action) or sales program for a country and
16 the value thereof, to the end that such programs are effec-
17 tively integrated both at home and abroad and the foreign
18 policy of the United States is best served thereby.”

19 (c) Section 634 (d) , which relates to reports and infor-
20 mation, is amended by inserting immediately preceding the
21 first sentence the following: “In presenting requests to the
22 Congress for appropriations for fiscal years 1968 through
23 1971 to carry out programs under this Act, the President
24 shall also present the program to be carried out with the
25 funds appropriated for the respective fiscal year to the Com-

1 mittee on Foreign Relations of the Senate, if requested to do
2 so by the chairman of that committee, and to the Speaker
3 of the House of Representatives, if requested to do so by
4 the Speaker.”

5 (d) Section 635 (h), which relates to general authori-
6 ties, is amended by inserting “(except development loans)”
7 after “II, V, and VI”.

8 (e) Section 637 (a), which relates to administrative
9 expenses, is amended by striking out the words from “the
10 fiscal year” through “\$54,240,000” and substituting “each
11 of the fiscal years 1967 through 1971 such amounts as may
12 be necessary”.

13 (f) Section 644 (l), which relates to surplus agricul-
14 tural commodities, is deleted.

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

FEBRUARY 2, 1966

Referred to the Committee on Foreign Affairs

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued June 9, 1966
For actions of June 8, 1966
89th-2nd; No. 94

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HIGHLIGHTS: Senate debated bill to authorize alternate crops for disaster areas.
Senate debated fair packaging-labeling bill. Senate committee reported bill for
water-resources survey.

SENATE

1. DISASTER RELIEF. Began debate on the conference report on H. R. 15151, to permit the planting of alternate crops on acreage which is unplanted because of natural disaster. pp. 12086-93, 12094-100
2. PACKAGING; LABELING. Continued debate on S. 985, the fair packaging and labeling bill. pp. 12022-31, 12061-80, 12093-4, 12100

3. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendments S. 3107, to provide for a comprehensive review of national water resources problems and programs (S. Rept. 1212). p. 12018
4. FOOD SHORTAGE. Sen. Mondale expressed concern about the world food shortage and submitted an amendment which he intends to propose to S. 2859, the foreign aid bill, to provide for assistance in food-production development in foreign countries. pp. 12019-22
5. RESEARCH ANIMALS. Sen. Mondale commended various interests in Minn. for getting together on a recommendation for legislation relating to handling and care of research animals and inserted articles on this matter. pp. 12047-8
6. SCHOOL MILK. Sen. Proxmire spoke in favor of his school milk bill, S. 2921, and inserted favorable testimony of Rep. Culver. p. 12042
7. HAWAII LOANS. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendment S. 112, authorizing this Department to make real estate mortgage loans on leased lands in Hawaii. p. D503
8. PARITY. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendments S. Con. Res. 88, to make it explicit that the parity price and income goal for agriculture shall be binding on all Government agencies. p. D503
9. WHEAT CERTIFICATES. The Agriculture and Forestry Committee indefinitely postponed H. R. 15089, to permit the Secretary of Agriculture to estimate the July 1966 parity price for wheat in order to expedite issuance of wheat marketing certificates to complying farmers. p. D503
10. SCHOOL MILK; CHILD NUTRITION. The Agriculture and Forestry Committee considered S. 2921, the Proxmire school milk bill, and S. 3467, the child nutrition bill, and announced that hearings will be held on the child nutrition bill. p. D503
11. COTTON. The Agriculture and Forestry Committee announced that it will consider H. R. 12322, the cotton promotion bill, today. p. D503
12. BANKING. The Banking and Currency Committee reported without amendment S. 3368, to extend for 2 years the authority of Federal Reserve Banks to purchase U. S. obligations directly from the Treasury (S. Rept. 1215). p. 12018
13. TARIFF. The Finance Committee reported without amendment H. R. 12676, to provide that certain forms of copper be admitted free of duty (S. Rept. 1220). p. 12018
14. INFORMATION. Sen. Miller was added as a cosponsor of S. Res. 270, authorizing an investigation of premature disclosure of information relating to increased production of soybeans and other agricultural commodities. p. 12031
15. PUBLIC LANDS. Sen. Mundt inserted a speech by Milton A. Pearl, Director of the Public Land Law Review Commission, on the history of public lands and plans for the Commission. pp. 12048-9

By Mr. TOWER:

S. 3482. A bill to enlarge the home mortgage purchase authority which the Federal National Mortgage Association may exercise in its secondary market operations by increasing the amount of preferred stock which such association may issue for delivery to the Secretary of the Treasury; to the Committee on Banking and Currency.

(See the remarks of Mr. Tower when he introduced the above bill, which appear under a separate heading.)

By Mr. MILLER:

S. 3483. A bill to amend the Internal Revenue Code of 1954, as amended, to provide an exemption for disability; to the Committee on Finance.

By Mr. JACKSON:

S. 3484. A bill to amend the act of June 3, 1966 (Public Law 89-441, 80 Stat. 192), relating to the Great Salt Lake relicted lands; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. JACKSON when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF NATIONAL HOUSING ACT, TO ALLOW ENLARGEMENT OF THE HOME MORTGAGE PURCHASE AUTHORITY

Mr. TOWER. Mr. President, I introduce for appropriate reference, a bill which would give authorization to the Secretary of the Treasury to subscribe, for the secondary mortgage market operation to an additional \$110 million of preferred stock of the Federal National Mortgage Association.

As I am sure my colleagues know, FNMA through its secondary market operations provides a secondary market for FHA and VA home mortgages.

FNMA was designed and has of course operated only to supplement private home mortgage lending.

FNMA can under present limitations borrow up to 10 times the amount of its capital and surplus with which to obtain funds for home mortgage purchases. Under the bill I am introducing today, an additional \$1.1 billion of borrowing authority would be made available to FNMA. Added to the preferred stock subscription, this will provide an additional mortgage purchase authority of \$1.2 billion.

Under present authority and at the present rate, FNMA will have to curtail its operations within several months. This bill, in providing additional mortgage purchase authorization, would extend FNMA operations for another year, thus affording sufficient time for any further congressional review which may be necessary.

FNMA has proven its value indeed in providing home mortgage funds in periods of tight market conditions.

Although other suggestions to increase the borrowing authority of FNMA have been made, I feel this bill represents the soundest approach.

Congress has increased previously FNMA's borrowing authority, and no adverse reaction resulted in the ability of FNMA to borrow funds in the private market. The method I am proposing has worked well before, and I believe much preferred to any of the alternative proposals.

I ask unanimous consent that this bill be printed at this point in the RECORD, and that the bill lie on the table for 7 days for cosponsors.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and without objection, the bill will be printed in the RECORD, and lie on the desk, as requested by the Senator from Texas.

The bill (S. 3482) to enlarge the home mortgage authority which the Federal National Mortgage Association may exercise in its secondary market operations by increasing the amount of preferred stock which such Association may issue for delivery to the Secretary of the Treasury, introduced by Mr. Tower, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 3482

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 303(d) of the National Housing Act is amended by striking out "\$115,000,000" and inserting in lieu thereof "\$225,000,000".

SEC. 2. The second sentence of section 303(e) of such Act is amended by striking out "\$115,000,000" and inserting in lieu thereof "\$225,000,000".

AMENDMENT OF ACT OF JUNE 3, 1966, RELATING TO GREAT SALT LAKE RELICTED LANDS

Mr. JACKSON. Mr. President, I introduce, for appropriate reference, a bill to amend the act of June 3, 1966, relating to the Great Salt Lake relicted lands.

Enactment of this measure will, hopefully, finally resolve the problem of the relicted lands around the Great Salt Lake. Last Friday the President signed into law S. 265, the bill Congress passed relating to these lands. However, upon approving that legislation, the President specifically requested the prompt enactment of an amendment which would protect the interest of the Federal Government in the unlikely event the State of Utah subsequently decided not to purchase these relicted lands after executing leases on them on its own terms, thus leaving the United States heir to encumbrances on its own lands, the terms of which had not been approved by any responsible official of the Federal Government.

Therefore, enactment of this legislation would provide for renegotiation of such leases in the event title to these lands reverted to the United States.

Mr. President, I ask unanimous consent that the text of the proposed legislation together with a letter from the Secretary of the Interior submitting and explaining the bill be printed at this point in my remarks.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 3484) to amend the act of June 3, 1966 (Public Law 89-441, 80 Stat. 192), relating to the Great Salt Lake

relicted lands, introduced by Mr. JACKSON, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

S. 3484

Be it enacted by the Senate and House of the United States of America in Congress assembled, That section 6 of the Act of June 3, 1966 (Public Law 89-441, 80 Stat. 192), is amended by deleting "shall be deemed permits, licenses, and leases of the United States and shall be administered by the Secretary in accordance with the terms and provisions thereof" and by substituting "shall not be binding on the United States unless within 90 days they are renegotiated to include such modified terms and conditions as the Secretary of the Interior deems appropriate."

The letter presented by Mr. JACKSON is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 8, 1966.

HON. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill "To amend the Act of June 3, 1966 (P.L. 89-441, 80 Stat. 192), relating to the Great Salt Lake relicted lands."

We recommend that it be referred to the appropriate committee for consideration, and we recommend that it be enacted.

The June 3 statute provided for the sale to the State of Utah of the federally owned relicted lands around the Great Salt Lake. During the interim between the conveyance to the State and the payment of the purchase price, the State is allowed to lease the lands, and if the title should revert to the United States because of a failure to pay the purchase price the United States would take the title subject to the State leases.

When the President approved the enrolled bill he asked for the prompt enactment of an amendment providing that if title to the land should revert to the United States the State executed leases would not be binding on the United States unless they are approved by the United States.

The enactment of the enclosed bill will carry out the President's request by providing for a renegotiation of such leases at the time the title reverts to include such modified terms and conditions as the Secretary of the Interior deems appropriate.

The Bureau of the Budget has advised that the enactment of the bill would be in accord with the President's program.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

STRENGTHENING ADAPTIVE RESEARCH IN OUR FOREIGN ASSISTANCE TO AGRICULTURE

AMENDMENT NO. 587

Mr. MONDALE. Mr. President, I submit, on behalf of myself, and Senators BURDICK, MCGOVERN, and PELL an amendment to S. 2859, the bill to amend further the Foreign Assistance Act of 1961.

Since I came to the Senate last year, no problem has concerned me more than the threat of human hunger in the poor countries of the world. In my first major speech to the Senate last July, I expressed my fear that the developing countries were losing the race between population growth and food supply, and becoming increasingly unable to feed

their growing numbers of people. I urged that our food-for-peace program, magnificent though it has been, be reshaped in several fundamental ways.

In the 11 months since I delivered that speech, we have read, in our newspapers, reports from India which have borne out the worst of our fears. Through a combination of a disastrous drought and accumulated shortfalls in production, India faces the need to at least double the food assistance she receives from the United States and the other food surplus countries, if millions of her people are not to starve. And even then, the average Indian will have to cut back on his already meager diet.

Both Houses of the Congress recognized the dire situation when they voted unanimously to support President Johnson's proposal to ship at least 3½ million extra tons of food grains to India this year.

But if the problem has grown, Mr. President, so also has our awareness of it.

Led by the distinguished Senator from South Dakota [Mr. McGovern], Senators and Congressmen, farm organizations, church groups representing all of our major faiths, and literally hundreds of other concerned individuals and organizations have stirred public opinion. Their efforts have brought about a nationwide recognition of the magnitude of the problem we are confronting.

And on February 10 of this year, President Johnson proposed to the Congress that "the United States lead the world in a war against hunger." He added, "there can be only victors in this war."

The President proposed that the Congress enact a landmark Food for Freedom Act, which would base our food assistance programs not on the negative principle of surplus disposal, but upon recognizing the extent of world needs and producing enough to play our part in meeting these needs.

This act further proposes that we increase our emphasis on self-help in developing countries, realizing that American efforts alone cannot hope to avert worldwide famine, but that the main effort to win out over hunger must be made by the developing countries themselves.

Hearings have been held on this bill in both Houses of Congress, and the House Agriculture Committee has just reported out the Food for Freedom Act, which recognizes both important departures in our food assistance policies.

A particularly encouraging step forward is the realization that we must help poor countries increase their food production. When I spoke to the Senate last year, I said:

Strange though it may seem, it is only through improving their own agriculture that these countries can, in the long run, grow into major dollar importers of American farm products.

There has been a fear that by helping others increase farm output, we would be reducing the demand for our own products. But today there is widespread recognition that as peoples' incomes increase, their demand for food products, particularly higher quality food products, also increases.

A recent study indicates that for every 10 percent the less developed countries have increased their income level, they have expanded their dollar purchases of our farm products by about 16 percent.

As Secretary Freeman said in his testimony before the Senate Agriculture Committee in March:

Agricultural development in the poor and hungry nations offers to us the best opportunity for expanding exports of the products of our farms and factories.

I was impressed, in the Senate Agricultural Committee hearings, with the virtual unanimity of opinion among Senators on the need to do all we can to encourage self-help in agriculture in developing countries.

Now that we have unprecedented agreement on the need to help develop agriculture overseas, we must turn to the specific programs needed to accomplish this end. I offer my amendment to bring about one such improvement in our foreign aid program.

My amendment would express the conviction of the Congress that:

In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously deficient, a high priority shall be given to efforts to increase agricultural production, particularly the establishment or expansion of adaptive agricultural research programs designed to increase acre-yields of the major food crops.

It would further provide that:

Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions.

President Johnson has exercised impressive leadership in urging increased emphasis on agricultural assistance in our foreign aid program. In his foreign aid message to Congress on February 1, he proposed that "the Agency for International Development increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million."

But our past programs have erred not only in giving insufficient attention to agriculture as a whole; they have also seriously neglected the emphasis on practical, adaptive agricultural research which was essential to our achievements here in the United States.

In testimony before the House Agriculture Committee, the distinguished economist, Prof. Theodore W. Schultz of the University of Chicago said:

Although we have developed an outstandingly productive agriculture in the United States, we have not done well as builders of agriculture abroad. We have long been hampered by what I would call the *extension bias*, and as a consequence, agricultural research has been postponed, put off, and grossly neglected. When research has been undertaken, altogether too little attention has been given to the development of viable agricultural research centers. . .

Consider the record of government. After two decades, starting with the Point Four Programs, when about a third of the aid funds, for Latin America were allocated to agricultural development, and large amounts since then, *there is not a single first-class agricultural research center in Latin America*

to show for it. Why? Latin American governments have not vetoed such research. The reasons are predominantly of our own making; namely, (1) crash programs, (2) the agricultural extension bias, and (3) selling agriculture short in economic development, especially after the Point Four period.

Another expert, Dr. F. F. Hill, consultant on international programs for the Ford Foundation, said in testimony before the House Agriculture Committee:

What is needed at this time is a special and vigorous effort, perhaps limited at first to basic food crops in food crisis countries, to speed the development in these countries of greatly improved production technology tested for local suitability in all important food producing areas in which it is recommended for use. Progress in developing improved production technology in less developed countries is being made, but it is not being made fast enough.

We have been far too inclined to believe we could help agriculture overseas with limited funds, short-term crash programs, and by simply transferring techniques proved effective here in the United States. We now know that this type of approach will not work.

We must recognize past mistakes in this field, and make substantially increased investments in overseas agricultural research as part of a comprehensive, long-term effort to help developing countries solve their food problems. As one possibility, Dr. Hill proposes the organization of highly competent and adequately financed food-crop research teams.

An example of what adaptive research can accomplish is provided by an article reprinted May 7 in the Washington Post, which I would ask be included in the RECORD at the close of my remarks. In the village of Bandri, in the Deccan highlands of India, the staple grain is a sorghum called jawar. A young Indian in his thirties introduced a new hybrid strain of jawar, developed through research, and the result was beyond belief to the villagers—a yield 10 times as great as the old strains had produced.

Unfortunately, this grain can only be used in a limited part of India. But while improvements of this magnitude are exceptional, we know from our American experience the importance of sustained efforts in agricultural research to bring about substantial increases in yields.

Just as particular seeds and farm methods cannot be transferred from one area of the United States to another, so too they cannot simply be transferred from the United States to other parts of the world and be expected to work. What is needed is practical, adaptive research, to take seeds, fertilizers, pesticides, and mechanical equipment from elsewhere and adapt them to different conditions.

In the United States, we recognize that adaptive research is one of the essential elements in agricultural progress, along with active extension work and first-rate agricultural education. We know how indispensable our land-grant colleges have been in carrying out all three of these roles.

If we look south, toward Mexico, we see that adaptive research there, supported to a considerable degree by our

Rockefeller Foundation, has made possible a 3.3-percent annual increase in wheat yields over the past 25 years, as large as any in the world.

Yet in our foreign assistance programs in general, we have not given anywhere near the emphasis on agricultural research overseas which is needed.

Mr. President, for the past several years AID has been spending \$1 to \$1½ million contracting for university assistance in the field of agriculture in Pakistan. This is only a fraction of 1 percent of the total economic assistance furnished Pakistan during this time. Of this university assistance probably not more than 5 to 10 percent has gone to expanding adaptive research directed to increasing the acre-yields of the major food crops.

By far the most of the university assistance is for institution building and the improvement of the sciences and educational programs relating to agriculture. This assistance has been valuable and has strengthened the institutions' ability to carry on significant research and educational activities. It should be continued at least for a few more years. Yet, in view of the country's serious food shortages, too few resources are being devoted to adaptive research designed to increase the yield of Pakistan's major food crops.

In India, where food shortages are so severe at the present time, in the 10 years ending in 1963, AID financed university assistance programs averaging a little over \$1 million a year. Since that time the university assistance program carried on by seven U.S. universities contracting with AID has averaged over \$2 million a year. Approximately an equal value of rupees earned by sales of food under Public Law 480 have been utilized each year to strengthen Indian universities and research institutions.

This is excellent, but it is again only a fraction of 1 percent of the total economic assistance given India in recent years. And, I am told that virtually none of these university assistance activities have been devoted directly to expanding adaptive research programs to increase acre yields of India's major food crops.

Only now are we making a serious effort to help India expand her food production research activities. I commend AID for this much-needed shift in program emphasis. But, India is a tremendous country with more than 20 times as many farmers as the United States and great variations in her agricultural regions, and I believe an even higher proportion of our economic assistance to India should be in the form of expanding adaptive food production research programs.

It is disturbing that Chancellor John T. Caldwell, chairman of the International Foods Committee of the National Association of State Universities and Land-Grant Colleges, testified before the Senate Foreign Relations Committee last month that:

We have long sought to include a research component in university foreign assistance contracts, with only limited success.

There are important signs that we are beginning to give more adequate recognition to this need. In a recent speech to the National Academy of Sciences, David Bell, Administrator of the Agency for International Development, said that he feels that the need to build a strong base for applied research and continuing technical progress in the agricultural field is the most important long-range problem faced by developing countries in their efforts to expand food production. It is a problem, he added, which "we do not think we are handling satisfactorily at the present time," although he cited impressive evidence of increased concern over this problem in our aid programs.

But despite the real progress that has been made in recognizing the importance of research overseas, we have not made, to my knowledge, a hard commitment to the kind of comprehensive, thoroughgoing approach in this area that is vital to success in the war against world hunger. My amendment is designed to express the will of Congress that such a program be carried out.

My amendment would call upon our universities—particularly our land-grant colleges—to play a major role in improving agriculture overseas, as they have done so well here.

Already our universities have played major parts in our AID program, in a wide variety of areas, including agriculture. But they need assistance to strengthen their capacity to develop the resources—particularly capable professional personnel—needed to carry out technical agricultural research assistance programs with maximum effectiveness. They have been hampered by the tendency of the AID agency to follow the restrictive contract approach in funding university foreign assistance activities, rather than providing grants which could allow greater flexibility. They have been limited by short-term financial commitments imposed by our annual foreign aid authorizations, making it difficult for universities to plan operations in particular countries on a long-term basis and therefore secure top-quality staffs.

To overcome these shortcomings, Senator McGovern introduced last year an excellent bill, S. 1212, aimed at applying our experience in agricultural development through our universities here at home to the problems overseas.

The President proposed this year the International Education Act, to strengthen the competence of universities in international affairs in general. The administration also included a provision in S. 2859 to allow technical cooperation and development grants to be made available to research and educational institutions in the United States to strengthen their capacity to carry on foreign assistance programs in cooperation with AID.

This authority, if granted by the Congress and forcefully implemented by the executive branch, would make possible the type of program that Senator McGovern has been advocating. But it makes no specific provision for expand-

ing agricultural research in the countries being helped. My proposal would remedy this omission.

Here at home, I have joined with many of my colleagues in fighting against the Budget Bureau's proposal to reduce funds for agricultural research. I recognize the need for continuing this program at its full strength, for it has been the foundation of our agricultural progress in the past, and must continue to be so in the future.

But I have been disturbed to learn that the number of American agricultural specialist working overseas is only about 1 percent of the number we have at home. And only a small percentage of those overseas, perhaps 10 percent, are engaged in research activities.

My proposal would provide a means for substantially increasing the number of seasoned, experienced American agricultural specialists working in agricultural research overseas, and help to train specialists in foreign countries as well, by indicating the will of Congress that such research be substantially expanded.

It is my hope, Mr. President, that this session of the Congress, through its amendments to the foreign aid bill and passage of a strong Food for Freedom Act, can provide the foundation for a massive American effort to help poor countries solve their most fundamental development problem—that of improving food output. In such an effort, it is my hope that our Department of Agriculture and our Agency for International Development will call upon our land-grant universities; our farmers, researchers, and extension workers; and our major farm organizations and cooperatives to make major contributions to this vital phase of the war on hunger. Such an effort, I am convinced, would go a long way toward building a world, so easy to talk about, yet so hard to achieve, where no man need go to bed hungry.

Mr. President, I ask unanimous consent that an editorial from the Des Moines Register of April 21, 1961, entitled "Improving Our Foreign Aid," be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and appropriately referred; and, without objection, the article and editorial will be printed in the RECORD. The amendment (No. 587) was referred to the Committee on Foreign Relations.

The article and editorial presented by Mr. MONDALE are as follows:

[From the Washington Post, May 7, 1966]

FOR INDIAN HUNGER A SEED OF HOPE

(By Godfrey Hodgson)

BANDRI, DECCAN.—India has about five years to solve her long-term food problem, said Indira Gandhi, announcing her decision to go to the State of Orissa, as a sequel to allegations that starving people there are selling children. According to the planners and the experts in Delhi, that means that the production of food grains, which was under 75 million tons last year—admittedly a year of monsoon failure—has got to be bumped up to 125 million tons by 1971.

In Delhi, that sounds almost hopelessly optimistic. Here, in a remote and hungry corner of the South Indian back of beyond, there is a glimmer of rational hope.

The village of Bandri is in the stony Deccan highlands. It is a scruffy place, even by the standards of a parched and backward region. The 2600 villagers must live off what they can grow on 2000 acres; and of that, only 200 acres are irrigated land. This is a brilliant green against the dun landscape; tiny splashes of green round each of the 17 wells, and two bigger patches below the village's two tanks. The tank nearest the village irrigates 23 tiny plots. Each of them either belongs to the cultivator or is rented by him from a village shopkeeper or money-lender.

The plots average one acre and they give a clue to how India's 500 million can be fed. For this year, for the first time, they have been sown with new hybrid seed, fertilized properly, and protected with insecticides. Next month, when the crop is harvested, each acre will yield anything from 15 to 20 quintals of grain, where before it has yielded two or three quintals.

The government is pinning its hopes of solving the long-term food deficit on these new hybrid strains of seed, which can take heavy doses of fertilizer. The plan is to sow 32 million acres with them by 1971. There are new strains of wheat from Mexico which yield two to three tons to the acre, against 700-1000 pounds with traditional seed, and new strains of rice from Formosa, whose yields are as good.

But what has happened here has little to do with anything that has happened in Delhi. It has everything to do with the common sense and initiative of one young man in his 30s. His name is M. Y. Ghorpade, and until 1947 his father was the reigning Maharajah of the tiny State of Sandur in these hills. Ghorpade read economics at Cambridge with Professor Guillebaud and he represents Bandri and several dozen other villages in the Mysore state legislature.

Last year he decided to experiment by planting a few acres of his own—he is not a big landowner—with a new hybrid strain of *jawar*, the sorghum which is the staple grain in this part of India. To the villagers who came and stared at his crop growing, the result was almost miraculous. The new seed yielded 26 quintals to the acre, exactly 10 times the yield of traditional strains.

Ghorpade saw that there would be little difficulty in persuading his neighbors to use the new seed, but he insisted that they must follow his instructions to the letter—to sow when told, to put down fertilizer and to spray.

The *jawar* was planted in February and the experiment had its share of troubles, but now the farmers beam with pleasure as they look at the *jawar* standing thick and tall, with heavy ears of seed.

The villagers can afford to pay. On a one-acre holding last year, a man might raise three quintals and sell it for 50 rupees a quintal. This year, because of the shortage, *jawar* is fetching 80 rupees; and Mr. Somappa, for example, who has the acre nearest to the village and wears a green bath towel as a turban, is going to get at least 20 quintals to the acre. That is an economic revolution.

Next year, the villagers mean to plant all their irrigated land with hybrids, probably rice. The village council is discussing it eagerly. After that, if Ghorpade can work out insurance cover against monsoon failure, they talk of borrowing enough to plant hybrids on the whole 2000 acres, rain-fed as well as irrigated land. Once they do that, Bandri will move out of the bullock-cart economy.

But the effect of what has happened in Bandri is not only economic. "This has completely changed the economy of this village," Ghorpade told me. "This used to be the most hopeless, useless, quarrelsome village in the *taluk* (county)."

The villagers grinned sheepishly; in South India quite a few villagers speak English. "Look at them now. Now they have hope."

[From the Des Moines Register, Apr. 21, 1966]

IMPROVING OUR FOREIGN AID

The United States is in the throes of revising its foreign aid program. After several years of almost automatic renewal of the same kind of program, in roughly the same amount, Congress is taking a hard look. So is the Administration. President Johnson proposed substantial changes this year.

When the Marshall Plan for recovery of Europe ended in 1953-54, U.S. economic aid dropped sharply—from around \$3.5 billion to \$1.5 billion per year. In 1958-59 the rate of spending was stepped up to about \$2 billion a year, where it has held since. Instead of priming the pump of industrialized areas devastated by war, the U.S. turned to long-range development of the revolutionary, unstable countries of Asia, Africa and South America.

The results have been uneven—and downright disappointing in some areas. Consequently, both Administration and Congress have been searching for more effective ways and means. For some time now, the Administration has been trying to funnel aid to countries which prove they can make better use of it—and to slow it down or withdraw it from places where ineffective or uncooperative governments misuse the grants and loans. Also, the program has been making more loans and giving fewer grants.

J. WILLIAM FULLBRIGHT (Dem., Ark.), chairman of the Senate Foreign Relations Committee, feels that unilateral aid ties the U.S. into dangerous political situations such as the war in Vietnam. He advocates switching aid toward the United Nations and other multi-nation organizations.

This has been advocated by many experts in development—not only on the ground. FULLBRIGHT argues but also on the ground that recipient countries prefer the international mechanisms. No country likes to feel it is a ward of the rich and mighty United States. The World Bank and its subsidiary institutions often have been more effective in accomplishing development goals than the U.S. acting alone.

Another much-debated issue concerns the uncertainty of annual extensions of foreign aid. The Administration has proposed a five-year commitment. Actually, Congress has come through each year with a continuation of the program, without a sudden cutoff. But planners in both the U.S. Administration and other countries have been unable to make positive development plans for several years ahead—as they could in the highly successful four-year Marshall Plan.

Perhaps more important than any of these proposed changes is the Administration proposal for greater emphasis on agricultural development. Experience and new knowledge have shown that progress has lagged where agriculture has been neglected. Countries eager to jump into the Twentieth Century of industrialization have unwisely concentrated on factories, dams, buildings and other glossy projects, while failing to improve production of food.

In recent years U.S. economic assistance funds for agriculture and agri-business development have amounted to about 15 per cent of the total programmed by the Agency for International Development. In the new proposal, funds for agri-business are about one-half larger than in 1965-66. This will still be only 18 per cent of the total.

This is a step but not far enough.

The Administration and Congress should greatly increase the emphasis on agricultural development. This will require that embassy and foreign and mission staffs be "beefed up" with more able and well trained men in food and agriculture.

In recent years food shipped in the Food for Peace program has been four to five times the value of the technical and economic assistance in agricultural develop-

ment. This is out of proportion. Free food may cause some governments to neglect their own agricultural development. However, food aid often can be effectively used to further development. It will take more capable staffs in handling the food aid and in administering farm development projects to accomplish this.

The resources of the United States Department of Agriculture and of the Land Grant agricultural colleges still are not being mobilized sufficiently for the job that must be done. One of the greatest needs is for adaptive research, in cooperation with local governments, to develop crop varieties and improve livestock.

Research teams from the U.S. should be given the assignment of developing varieties and production practices which will raise yields by 50 percent or more. This can be done, and we have waited too long to make a major effort in farm research adapted to local conditions.

Congress this year ought to chart a new course in foreign aid, with these improvements:

1. Long-range commitments and long-range planning.
2. Greater effort to work through international organizations.
3. Greater emphasis on helping those who help themselves.
4. Primary attention to agriculture and related business development.
5. Recruiting the American agricultural scientists and technicians necessary for this program.

AMENDMENT OF NATIONAL HOUSING ACT—AMENDMENTS

AMENDMENT NO. 588

Mr. DOUGLAS submitted amendments (No. 588) intended to be proposed by him, to the bill (S. 3215) to amend the National Housing Act to provide mortgage insurance, and authorize direct loans by the Housing and Home Finance Administrator, to help finance the cost of constructing and equipping facilities for the group practice of medicine or dentistry, which was referred to the Committee on Banking and Currency, and ordered to be printed.

FAIR PACKAGING AND LABELING ACT—AMENDMENT

AMENDMENT NO. 589

Mr. COTTON submitted an amendment, intended to be proposed by him, to the bill (S. 985), to regulate interstate and foreign commerce by preventing the use of unfair or deceptive methods of packaging or labeling of certain consumer commodities distributed in such commerce, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 590

Mr. DIRKSEN. Mr. President, section 4(a)(2) of S. 985, the so-called truth-in-packaging bill, is presented to this body as a new step in regulating the packaging practices of our country's manufacturers of consumer commodities. This section purports to set a new standard for the listing of contents on packages offered for sale. It proposes that the appropriate Government agency or department shall issue regulations which will require that—

The net quantity of contents (in terms of weight, measure, or numerical count) shall be separately and accurately stated in a uni-

June 9, 1966

17. PUBLIC LANDS. Passed without amendment H. R. 5984, to restore as eligible for indemnity selection lands that were utilized for some other purpose before title could pass to a State and permit selections of unsurveyed lands to supply deficiencies in lands granted to a State. This bill will now be sent to the President. p. 12248
18. BANKING. Passed without amendment S. 3368, to extend until June 30, 1968, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion outstanding at any one time. p. 12248
19. FOOD ADDITIVES. Passed as reported H. R. 7042, to permit safe additives to be used in candy even if they are non-nutritive. pp. 12250-1
20. FOREIGN AID. The Foreign Relations Committee voted to report (but did not actually report) with amendments S. 2859, the foreign aid authorization bill. p. D512
21. PERSONNEL. The Labor Subcommittee of the Labor and Public Welfare Committee voted to report to the full committee with amendments H. R. 10721, making various amendments to the Federal Employees' Compensation Act. p. D513
22. LEGISLATIVE PROGRAM. Sen. Mansfield stated that on Mon. the Senate "will take up various bills which will be on the calendar." p. D12238
23. ADJOURNED until Mon., June 13. p. 12251

HOUSE

24. FOOD FOR FREEDOM. Passed, 333-20, with amendments H. R. 14929, the food for freedom bill (pp. 12255-90). Rejected, 157-200, a motion by Rep. Walker, Miss., to recommit the bill and provide for various amendments (pp. 12288-9). In addition to committee amendments, agreed to the following:
 - By Rep. Latta, to provide for cooperation with certain farm organizations. p. 12274
 - By Rep. Pike, to permit use of fish protein concentrates before approval by the Food and Drug Administration by a 48-31 vote. p. 12275
 - By Rep. Ryan, to limit sales to the United Arab Republic. pp. 12275-6
25. NUTRITION CONFERENCE. The Rules Committee reported without amendment H. Res. 884, authorizing the Agriculture Committee to send three members to the Conference of the Americas on Malnutrition in Panama, June 19 through June 25, 1966 (H. Rept. 1621). p. 12321
26. INFORMATION. Rep. Ashbrook urged enactment of the freedom of information bill. pp. 12294-9
27. OPINION POLL. Rep. Ashbrook inserted the results of an opinion poll, including items of interest to this Department. pp. 12299-300
28. PERSONNEL. Rep. Nelsen urged that immediate hearings be held on the bill to strengthen the Hatch Act, and inserted an article, "Postal and Government Employees' Trend to Partisan Politics Found." p. 12301

29. RIVER BASIN. Rep. Udall criticized opponents of the proposed Colorado River Basin project. pp. 12315-7
30. LEGISLATIVE PROGRAM. Rep. Boggs announced that the following bills will be considered next week: Foreign Service Building Act amendments, and the Defense Production Act amendments. p. 12254
31. ADJOURNED until Mon., June 13. p. 12321

ITEMS IN APPENDIX

32. OPINION POLLS. Several Representatives inserted the results of opinion polls which include items of interest to this Department. pp. A3110, A3110-2, A3129-30, A3141
33. POVERTY. Extension of remarks of Rep. MacGregor questioning the effectiveness of the war on poverty and insertion of a newspaper article supporting his views. p. A3113
34. INFLATION. Extension of remarks of Rep. Morton and insertion of an article on the relationship of deficit spending to inflation. p. A3116
35. PUBLIC LAW 480. Extension of remarks of Rep. Dole stating that Public Law 480 has had a "dramatic effect upon exports of agricultural commodities", and inserting an article, "Gifts Help Melt U. S. Wheat Pile." pp. A3117-8
36. URBAN AFFAIRS. Rep. MacGregor inserted Rep. Morse's address before the MIT Conference on the Urban Challenge in which he stated that "It has become a truism to say that urban problems do not respect state boundaries. Inevitably there is a federal role in this area that cannot be overlooked." pp. A3118-20
37. PUBLIC DEBT. Speeches in the House by Rep. Schmidhauser opposing and Rep. Love supporting the proposed increase in the public debt. pp. A3123-4, A3131-2
38. FOOD PRICES. Extension of remarks of Rep. Hagen stating that it is true that food prices have gone up but that income has gone up at a "considerably greater rate", and inserting an article, "Food Prices In Perspective." pp. A3135-6

BILLS INTRODUCED

39. LANDS. S. 3485 by Sen. Metcalf, to amend section 3 of the act of July 23, 1955, c. 375, 69 Stat. 368; to Interior and Insular Affairs Committee. Remarks of author pp. 12108-9
- S. 3491 by Sen. Williams of New Jersey, to amend title VII of the Housing Act of 1961 to authorize Federal grants under the open-space land program for the development and redevelopment of existing open-space land; to Banking and Currency Committee. Remarks of author p. 12110
40. MILITARY TRAINING. S. 3486 by Sen. Miller, to establish a Presidential Commission to study and make recommendations for improvements in the Selective Service System; to Armed Services Committee. Remarks of author pp. 12109-10

89TH CONGRESS
2D SESSION

H. R. 15750

IN THE HOUSE OF REPRESENTATIVES

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Assistance Act
4 of 1966”.

5 PART I

6 CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended as follows:

10 (a) At the end of the ninth paragraph, add the fol-
11 lowing new sentence: “It is further the sense of the Con-

gress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.”

(b) In the last paragraph, immediately before the period at the end thereof, insert the following: “and to provide adequate compensation for such damage or destruction”.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201 (b), which relates to general authority, is amended by inserting after the second sentence thereof the following new sentence: “In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.”

(b) Section 202 (a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out “\$1,200,000,000” and all that follows down through “succeeding fiscal years” and insert in lieu thereof “\$1,000,000,000 for each of the fiscal years 1967 through 1971”.

(2) In the second proviso, strike out "June 30, 1965, and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1971".

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
GRANTS

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Section 211, which relates to general authority, is amended by adding at the end thereof the following new subsection:

"(d) Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries."

(b) Section 212, which relates to authorization, is amended by striking out all after "President for" and inserting in lieu thereof "each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed \$231,-

1 310,000. Amounts appropriated under this section are au-
2 thorized to remain available until expended.”

3 (c) Section 214, which relates to American schools and
4 hospitals abroad, is amended as follows:

5 (1) In subsection (b), strike out “to hospitals outside
6 the United States founded or sponsored by United States
7 citizens and serving as centers for medical education and
8 research” and insert in lieu thereof “to institutions referred
9 to in subsection (a) of this section, and to hospital centers
10 for medical education and research outside the United States,
11 founded or sponsored by United States citizens”.

12 (2) In subsection (c), strike out all after “this section,
13 for” and insert in lieu thereof “each of the fiscal years 1967
14 and 1968 not to exceed \$10,989,000. Amounts appropri-
15 ated under this subsection are authorized to remain available
16 until expended.”

17 (3) At the end thereof, add the following new sub-
18 section:

19 “(d) There is authorized to be appropriated to the
20 President for the purposes of section 214 (b), in addition to
21 funds otherwise available for such purposes, for the fiscal
22 year 1967, \$1,000,000 in foreign currencies which the
23 Secretary of the Treasury determines to be excess to the
24 normal requirements of the United States.”

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221 (b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$8,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1970".

(b) Section 221 (c), which relates to limitations on investment guaranties, is amended by striking out "twenty years" and inserting in lieu thereof "thirty years".

(c) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing

1 guaranteed under section 221 (b) (2) or section 224, the
2 Administrator of the Agency for International Development
3 shall prescribe the rate of interest allowable to the eligible
4 United States investor, which rate shall not be less than one-
5 half of 1 per centum above the then current rate of in-
6 terest applicable to housing mortgages insured by the De-
7 partment of Housing and Urban Development. In no event
8 shall the Administrator prescribe an allowable rate of in-
9 terest which exceeds by more than 1 per centum the then
10 current rate of interest applicable to housing mortgages in-
11 sured by such Department.”

12 (d) Section 224, which relates to housing projects in
13 Latin American countries, is amended as follows:

14 (1) In subsection (b) (1), strike out “Federal Hous-
15 ing Administration” and insert in lieu thereof “Department
16 of Housing and Urban Development”.

17 (2) In subsection (c), strike out “\$400,000,000” and
18 insert in lieu thereof “\$500,000,000: *Provided*, That \$350,-
19 000,000 be used for the purposes of section 224 (b) (1)”.

20 (3) In the last proviso of subsection (c), strike out
21 “1967” and insert in lieu thereof “1970”.

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251 (b), which relates to general authority, is amended by inserting immediately after the third sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 through 1971".

(3) In the last sentence, strike out "June 30, 1965

1 and June 30, 1966” and insert in lieu thereof “June 30,
2 1967, through June 30, 1971”.

3 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
4 REGIONAL PROGRAMS

5 SEC. 106. Chapter 2 of part I of the Foreign Assistance
6 Act of 1961, as amended, is amended by adding at the end
7 thereof the following new titles:

8 “TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
9 REGIONAL PROGRAMS

10 “SEC. 271. GENERAL PROVISIONS.—The acceleration
11 of social and economic progress in southeast Asia is important
12 to the achievement of the United States foreign policy
13 objectives of peace and stability in that area. It is
14 the sense of Congress that this objective would be served
15 by an expanded effort by the countries of southeast Asia and
16 other interested countries in cooperative programs for social
17 and economic development of the region, employing both
18 multilateral and bilateral channels of assistance.

19 “SEC. 272. SPECIAL PROVISIONS.—In providing as-
20 sistance to further the purposes of this title the President
21 shall take into account—

22 “(1) initiatives in the field of social and economic
23 development by Asian peoples and institutions;

1 “(2) regional economic cooperation and integra-
2 tion in southeast Asia;

3 “(3) the extent of participation by other potential
4 donor countries;

5 “(4) the degree of peaceful cooperation among the
6 countries of southeast Asia toward the solution of com-
7 mon problems; and

8 “(5) the ability of multilateral institutions or other
9 administering authorities to carry out projects and pro-
10 grams effectively, efficiently, and economically.

11 “SEC. 273. AUTHORIZATION.—The President is au-
12 thorized to utilize funds otherwise available to carry out
13 the provisions of part I of this Act (other than title VI of
14 this chapter) to furnish assistance under this title on such
15 terms and conditions as he may determine, in order to pro-
16 mote social and economic development and stability in south-
17 east Asia.

18 “TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS
19 IN DEVELOPMENT

20 “SEC. 281. In carrying out programs authorized in this
21 chapter, emphasis shall be placed on assuring maximum
22 participation in the task of economic development on the part
23 of the people of the developing countries, through the en-

1 couragement of democratic private and local governmental
2 institutions.”

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS
4 AND PROGRAMS

5 SEC. 107. Chapter 3 of part I of the Foreign Assistance
6 Act of 1961, as amended, which relates to international
7 organizations and programs, is amended as follows:

8 (a) Section 301 (a), which relates to general authority,
9 is amended by inserting immediately after “by such orga-
10 nizations” the following: “, and in the case of the Indus
11 Basin Development Fund administered by the International
12 Bank for Reconstruction and Development to make grants
13 and loans payable as to principal and interest in United
14 States dollars and subject to the provisions of section
15 201 (d),”.

16 (b) Section 301 (b), which relates to general authority,
17 is amended by striking out “United Nations Expanded Pro-
18 gram of Technical Assistance and the United Nations Spe-
19 cial Fund” and inserting in lieu thereof “United Nations
20 Development Program” and by adding at the end thereof the
21 following new sentence: “The President shall seek to assure
22 that no contribution to the United Nations Development
23 Program authorized by this Act shall be used for projects for
24 economic or technical assistance to the Government of Cuba,
25 so long as Cuba is governed by the Castro regime.”

1 (c) Section 301(c), which relates to assistance for
2 Palestine refugees in the Near East, is amended by striking
3 out the last sentence and inserting in lieu thereof the follow-
4 ing: "Contributions by the United States for the fiscal year
5 1967 shall not exceed \$13,300,000. No contributions under
6 this subsection shall be made except on the condition that
7 the United Nations Relief and Works Agency take all pos-
8 sible measures to assure that no part of the United States
9 contribution shall be used to furnish assistance to any refugee
10 who is receiving training as a member of the so-called Pales-
11 tine Liberation Organization."

12 (d) Section 302, which relates to authorization, is
13 amended to read as follows:

14 "SEC. 302. AUTHORIZATION.—(a) There is author-
15 ized to be appropriated to the President for grants to carry
16 out the purposes of this chapter, in addition to funds avail-
17 able under any other Act for such purposes, for each of the
18 fiscal years 1967 and 1968 not to exceed \$140,433,000.

19 "(b) There is authorized to be appropriated to the
20 President for loans for Indus Basin Development to carry
21 out the purposes of this chapter, in addition to funds available
22 under this or any other Act for such purposes, for use begin-
23 ning in the fiscal year 1968, \$51,220,000.

24 "(c) There is authorized to be appropriated to the
25 President, for the fiscal year 1967, \$1,000,000 for contribu-

1 tions to the United Nations Children's Fund during the
2 calendar year 1967. Funds made available under this sub-
3 section shall be in addition to funds available under this or
4 any other Act for such contributions and shall not be taken
5 into account in computing the aggregate amount of United
6 States contributions to such fund for the calendar year 1967.

7 “(d) None of the funds available to carry out this
8 chapter shall be contributed to any international organization
9 or to any foreign government or agency thereof to pay the
10 costs of developing or operating any volunteer program of
11 such organization, government, or agency relating to the
12 selection, training, and programing of volunteer manpower.”

13 CHAPTER 4—SUPPORTING ASSISTANCE

14 SEC. 108. Section 402 of the Foreign Assistance Act
15 of 1961, as amended, which relates to authorization for sup-
16 porting assistance, is amended to read as follows:

17 “SEC. 402. AUTHORIZATION.—There is authorized to
18 be appropriated to the President to carry out the purposes
19 of this chapter for each of the fiscal years 1967 and 1968 not
20 to exceed \$200,000,000. In addition, there is authorized
21 to be appropriated to the President for use in Vietnam in
22 each of the fiscal years 1967 and 1968 to carry out the
23 purposes of this chapter not to exceed \$550,000.000.
24 Amounts appropriated under this section are authorized to
25 remain available until expended.”

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a), strike out “the fiscal year 1966” and insert in lieu thereof “each of the fiscal years 1967 and 1968” and strike out the last sentence.

(b) In subsection (b), strike out “the first sentence of”.

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504 (a), which relates to authorization, is amended to read as follows:

“(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$917,000,000 for each of the fiscal years 1967 and 1968. Amounts appropriated under this subsection are authorized to remain available until expended.”

1 (b) Section 508, which relates to reimbursements, is
2 amended by adding at the end thereof the following new
3 sentence: "Such amounts of the appropriations made avail-
4 able under this part (including unliquidated balances of funds
5 heretofore obligated for financing sales and guarantees) as
6 may be determined by the President shall be transferred to,
7 and merged with, the separate fund account."

8 (c) Section 510 (a), which relates to special authority,
9 is amended as follows:

10 (1) In the first sentence, strike out "the fiscal year
11 1966" and insert in lieu thereof "each of the fiscal years
12 1967 and 1968".

13 (2) In the second sentence, strike out "the fiscal year
14 1966" and insert in lieu thereof "each fiscal year".

15 (d) Section 512, which relates to restrictions on mili-
16 tary aid to Africa, is amended by striking out "fiscal year
17 1966" and inserting in lieu thereof "each fiscal year".

18 (e) At the end of such chapter 2, add the following
19 new section:

20 "SEC. 514. ADMINISTRATION OF SALES AND EX-
21 CHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND
22 SERVICES.—Programs for the sale or exchange of defense
23 articles or defense services under this chapter shall be ad-
24 ministered so as to encourage regional arms control and dis-
25 armament agreements and so as to discourage arms races."

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

“(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;”.

(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively.

(3) Subsection (c) is amended to read as follows:

“(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such members of leading American business

1 specialists as may be selected, from time to time, by the
2 Administrator of the Agency for International Development
3 for the purpose of carrying out the provisions of this sub-
4 section. The members of the Board shall serve at the pleas-
5 ure of the Administrator, who shall designate one member
6 to serve as Chairman.

7 “(2) It shall be the duty of the Council, at the request
8 of the Administrator, to make recommendations to the Ad-
9 ministrator with respect to particular aspects of programs and
10 activities under this Act where private enterprise can play
11 a contributing role and to act as liaison for the Administrator
12 to involve specific private enterprises in such programs and
13 activities.

14 “(3) The members of the Advisory Council shall re-
15 ceive no compensation for their services but shall be entitled
16 to reimbursement in accordance with section 5 of the Admin-
17 istrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel
18 and other expenses incurred by them in the performance of
19 their functions under this subsection.

20 “(4) The expenses of the Advisory Council shall be
21 paid by the Administrator from funds otherwise available
22 under this Act.”

23 (b) Section 608 (a), which relates to advance acquisi-
24 tion of property, is amended by inserting “(including per-

1 sonnel costs)” immediately after “costs” the first place it
2 appears in the first sentence.

3 (c) Section 610 (b), which relates to transfer between
4 accounts, is amended by striking out the last sentence and
5 inserting in lieu thereof the following: “Not to exceed
6 \$5,000,000 of the funds appropriated under section 402 of
7 this Act for any fiscal year for use in Vietnam may be trans-
8 ferred to and consolidated with appropriations made under
9 section 637 (a) of this Act for the same fiscal year, subject
10 to the further limitation that funds so transferred shall be
11 available solely for additional administrative expenses in-
12 curred in connection with programs in Vietnam.”

13 (d) Section 614 (a), which relates to special authori-
14 ties, is amended by adding at the end thereof the following
15 new sentence: “The limitation contained in the preceding
16 sentence shall not apply to any country which is a victim
17 of active Communist or Communist-supported aggression.”

18 (e) Section 620, which relates to prohibitions against
19 furnishing assistance, is amended as follows:

20 (1) The first sentence of subsection (i) is amended to
21 read as follows: “No assistance shall be provided under this
22 or any other Act, and no sales shall be made under the Agri-
23 cultural Trade Development and Assistance Act of 1954, to
24 any country which the President determines is engaging in or

1 preparing for aggressive military efforts, or is participating
2 officially in any international conference to plan activities in-
3 volving insurrection or subversion, directed against—

4 “(1) the United States,

5 “(2) any country receiving assistance under this
6 or any other Act, or

7 “(3) any country to which sales are made under
8 the Agricultural Trade Development and Assistance
9 Act of 1954,

10 until the President determines that such military efforts or
11 preparations have ceased, or such participation has ceased,
12 and he reports to the Congress that he has received assur-
13 ances satisfactory to him that such military efforts or prep-
14 arations will not be renewed, or that such participation will
15 not be renewed or repeated.”

16 (2) Subsection (1) is amended to read as follows:

17 “(1) The President shall consider denying assistance
18 under this Act to the government of any less developed
19 country which, after December 31, 1966, has failed to enter
20 into an agreement with the President to institute the invest-
21 ment guaranty program under section 221 (b) (1) of this
22 Act, providing protection against the specific risks of in-
23 convertibility under subparagraph (A), and expropriation
24 or confiscation under subparagraph (B), of such section
25 221 (b) (1).”

1 (3) Subsection (n) is amended by striking out "the
2 President shall consider denying assistance" and inserting in
3 lieu thereof "no assistance shall be furnished".

4 CHAPTER 2—ADMINISTRATIVE PROVISIONS

5 SEC. 302. Chapter 2 of part III of the Foreign Assist-
6 ance Act of 1961, as amended, which relates to administra-
7 tive provisions, is amended as follows:

8 (a) Section 624 (d), which relates to the Inspector Gen-
9 eral, Foreign Assistance, is amended by adding at the end
10 thereof the following new paragraph:

11 “(8) Whenever the Inspector General, Foreign Assist-
12 ance, deems it appropriate in carrying out his duties under
13 this Act, he may from time to time notify the head of any
14 agency primarily responsible for administering any program
15 with respect to which the Inspector General, Foreign Assist-
16 ance, has responsibilities under paragraph (2) of this sub-
17 section that all internal audit, end-use inspection, and man-
18 agement inspection reports submitted to the head of such
19 agency or mission in the field in connection with such pro-
20 gram from any geographic areas designated by the Inspector
21 General, Foreign Assistance, shall be submitted simultane-
22 ously to the Inspector General, Foreign Assistance. The
23 head of each such agency shall cooperate with the Inspector
24 General, Foreign Assistance, in carrying out the provisions
25 of this paragraph.”

1 (b) Section 635 (h), which relates to general authori-
2 ties, is amended by inserting “(except development loans)”
3 immediately after “II, V, and VI”.

4 (c) Section 637 (a), which relates to administrative
5 expenses, is amended by striking out “the fiscal year 1966
6 not to exceed \$54,240,000” and inserting in lieu thereof
7 “each of the fiscal years 1967 and 1968 not to exceed
8 \$57,387,000”.

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

JUNE 16, 1966

Referred to the Committee on Foreign Affairs

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(TO BE QUOTED OR CITED)

Issued June 21, 1966
For actions of June 20, 1966
89th-2nd; No. 100

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HIGHLIGHTS: Sen. Proxmire criticized dairy program. Sen. Proxmire cited progress made by his school milk program proposals. Rep. Langen criticized "lower farm prices". Rep. Callan announced development of "freedom meal" cereal to aid world food problem. Sen. Pearson introduced and discussed food and fiber reserve bill.

HOUSE

1. INFORMATION. Passed, 307-0, under suspension of the rules S. 1160, to amend the Administrative Procedure Act so as to clarify and protect the right of the public to information. pp. 13007-27, 13050-1
2. PERSONNEL. Passed without amendment S. 1495, to provide variation of the forty-hour workweek of Federal employees for educational purposes. This bill will now be sent to the President. p. 13006

3. BANKING. The Banking and Currency Committee voted to report (but did not actually report) S. 3368, to extend until June 30, 1968, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion outstanding at any one time. p. D549
4. FOREIGN AID. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 15750, to amend further the Foreign Assistance Act of 1961, p. D549
5. FARM PRICES. Rep. Langen criticized the administration for "deliberately" taking several actions "to push farm prices down." p. 13046
6. OPINION POLL. Rep. Curtis inserted the results of a questionnaire sent professional and university economists including items of interest to this Department. p. 13048-9
7. CORN. Rep. Findley inserted a speech by the president of the Corn Industries Research Foundation in which he discussed the "versatility of corn," and criticized "low" farm prices. pp. 13051-3
8. COTTON. Rep. Pool inserted a Texas Cotton Ginners' Assoc. resolution criticizing the "attempt" by the American Textile Manufacturers Institute to "persuade our military leaders to accept blends as a substitute for the all-cotton supplies requested by the Armed Forces." p. 13061
9. APPROPRIATIONS. Received from this Department "a report of a violation of section 3679 of the Revised Statutes." p. 13067
10. EMPLOYMENT. The Ways and Means Committee (on June 17 during adjournment) reported without amendment H. R. 15119, to extend and improve the Federal-State unemployment compensation program (H. Rept. 1635). p. 13067

SENATE

11. PERSONNEL. Passed as reported H. R. 10721, to increase the benefits payable to employees and their dependents under the Federal Employees' Compensation Act and to provide for future automatic cost-of-living adjustments in compensation payments. pp. 12956-58
The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2206, to extend certain benefits to employees of county committees established under the Soil Conservation and Domestic Allotment Act. pp. D547-8
12. MILK. Sen. Proxmire urged early action on his school milk program proposals and cited progress made to date. p. 12960
Sen. Proxmire stated that "the major reason" for declining milk production is "the failure of the Department of Agriculture to provide adequate price supports," and inserted an article, "Dairy Products: Why Prices Keep Rising." p. 12970
13. FFA. Sen. Holland commended the work of the Florida FFA and inserted an article on the subject. p. 12960

June 23, 1966

13. RESEARCH ANIMALS. Sen. Bartlett commended the dog-cat handling bill. pp. 13466-7
14. TARIFF. Sen. Hruska commended and inserted editorials, articles, and a report on the trade negotiations currently underway in Geneva as part of the Sixth Round of Trade Negotiations under GATT. pp. 13488-500.

HOUSE

15. FOREIGN AID. The Foreign Affairs Committee reported with ^{out} amendment H. R. 15750, the foreign aid authorization bill, 1966 (H. Rept. 1651). p. 13404
Rep. Fraser inserted an AID report on foreign aid to the Near East and South America. pp. 13382-3
16. ANIMAL RESEARCH. Conferees were appointed on H. R. 13881, to authorize this Department to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for research (p. 13363). Senate conferees have not yet been appointed.
17. BANKING. Passed without amendment S. 3368, to extend until June 30, 1968, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion at any one time. This bill will now be sent to the President. pp. 13345-6, 13363-6
18. COMMUNITY DEVELOPMENT DISTRICTS. The Agriculture Committee voted to report (but did not actually report), S. 2934, to authorize grants for comprehensive planning for public services and development in community development districts designated by the Secretary of Agriculture. p. D566
19. WATERSHEDS. Rep. Dole alleged that the administration has "apparently deliberately killed the small watershed program" by holding up project applications. p. 13343
20. RECREATION. Rep. Morrison urged the development of more rural recreational opportunities, especially small watershed projects. pp. 13398-9
21. LIVESTOCK MARKETING COOPERATIVES. Rep. Olsen, Mont., spoke recommending "strengthening and recognition" for livestock marketing cooperatives. p. 13368
22. RESEARCH. Rep. Rogers, Fla., commended the signing into law of S. 944, the oceanography bill, as a significant step for oceanographic research. p. 13372
23. WATER RESOURCES. Rep. Boggs commended and inserted the 1966 annual report of the National Rivers and Harbors Congress. pp. 13384-6
24. ADJOURNED until Monday, June 27. p. 13400

ITEMS IN APPENDIX

25. POSTAL SERVICE. Rep. Pool inserted an article concerning the problems confronting mailers in meeting the ZIP code deadline. pp. A3374-6
26. ECONOMICS. Extension of remarks of Rep. Ullman stating that the economy is being threatened by "skyrocketing interest rates" and inserting an article, New Economic Myths." pp. A3376-7

27. TECHNOLOGY; RESEARCH. Extension of remarks of Rep. Saylor inserting an address, "Challenges of Modern Management", stating that it should be read by Members of Congress and by executive department officials, and applauding the reminder that "business and not big government produced the industrial revolution and is continuing our technological advance." pp. A3378-80
28. FOOD PRICES. Reps. Olson, Quie, and Stalbaum commended and inserted an article, "Food Prices", which suggests that "The tendency to make agriculture the goat for rises in living costs has been deplorable..." pp. A3387, A3391, A3393
29. EDUCATION. Rep. Brademas inserted an editorial in support of the proposed International Education Act of 1966. pp. A3389-90
30. DROUGHT. Extension of remarks of Rep. Ullman expressing concern over drought conditions in Oregon. pp. A3393-4

BILLS INTRODUCED

31. HOUSING. H. R. 15890 by Rep. Patman and H. R. 15891 by Rep. Barrett, to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs; to Banking and Currency Committee.
32. AREA REDEVELOPMENT. S. 3541 by Sen. Metcalf, to amend the Public Works and Economic Development Act of 1965 in order to allow more flexibility in the designation of redevelopment areas; to Public Works Committee.
H. R. 15916 by Rep. Senner, to amend the Public Works and Economic Development Act of 1965 to extend for an additional year the eligibility of certain areas; to Public Works Committee.
33. TARIFFS. S. J. Res. 171 by Sen. Holland, to require the removal of certain agricultural products from negotiation of tariff reductions under the Trade Expansion Act of 1962; to Finance Committee. Remarks of author pp. 13428-9
H. R. 15920 by Rep. Ullman, to amend the Tariff Act of 1930 to facilitate the formulation of sound tariff policies with respect to agricultural commodities; to Ways and Means Committee. Remarks of author p. 13396
34. HOUSING. H. R. 15890 by Rep. Patman, to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs; to Banking and Currency Committee.
35. POVERTY. H. R. 15922 by Rep. Hawkins, to amend the Economic Opportunity Act of 1964 to provide insurance for loans made to assist in the creation of employment opportunities for low-income persons; to Education and Labor Committee.
36. LOANS. S. 3540 by Sen. Metcalf, to authorize Rural Housing loans to lessees of nonfarm rural land; to Banking and Currency Committee.

FOREIGN ASSISTANCE ACT OF 1966

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H.R. 15750

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF
1961, AS AMENDED, AND FOR OTHER PURPOSES

JUNE 23, 1966



U.S. GOVERNMENT PRINTING OFFICE

50-006

WASHINGTON : 1966

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FOREIGN ASSISTANCE ACT OF 1966

JUNE 23, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H.R. 15750]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTION

COMMITTEE ACTION

A message to Congress from the President of the United States relative to foreign aid was referred to the Committee on Foreign Affairs on February 1, 1966 (H. Doc. 374, 89th Cong.).

On February 2, 1966, Hon. Thomas E. Morgan, chairman of the Committee on Foreign Affairs, introduced bills H.R. 12449 and H.R. 12450, representing the proposed economic and military assistance requests respectively.

Beginning March 16, 1966, the committee held open as well as executive session hearings on the proposed foreign aid programs. During its 24 sessions in the months of March, April, and May, the committee heard from 63 witnesses, including 30 public witnesses and 5 Members of Congress. Subsequently, the committee devoted 10 sessions to the markup of the bill.

On June 16, 1966, Chairman Morgan introduced a clean bill, H.R. 15750, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. The Committee on Foreign Affairs during an executive session meeting on June 20, 1966, by a vote of 28 to 7, ordered the bill, H.R. 15750, favorably reported without amendment.

FUNDS AUTHORIZED

The bill as reported by the committee cuts the authorizations requested by the Executive from 5 to 2 years for all programs except the development loan fund and the Alliance for Progress. For fiscal year 1967, H.R. 15750 provides an authorization of \$4,109,119,000 and for fiscal year 1968 an authorization of \$4,158,339,000. The appropriation request for fiscal year 1967 is \$3,385,962,000.

The committee reduced the amount requested for the development loan fund from \$1,250,000,000 to \$1 billion for each of the fiscal years 1967 through 1971.

In addition to the authorizations for appropriations for all foreign assistance programs for fiscal years 1967 and 1968, the bill also carries authorizations for each of the fiscal years 1969 through 1971 of \$1 billion for the development loan fund and \$850 million for the Alliance for Progress. The combined total authorization in the bill is \$13,817,458,000. This compares with a figure of \$14,353,500,000 in 1962 when existing foreign aid authorizations included long-term authorizations for the development loan fund and the Alliance for Progress.

The Executive requested authorizations of "such amounts as may be necessary" for technical cooperation and development grants, American schools and hospitals abroad, international organizations and programs, surveys of investment opportunities, supporting assistance for Vietnam, southeast Asia multilateral and regional programs, and AID administrative expenses. The committee, however, provided authorizations of specific amounts for all these programs except surveys of investment opportunities, for which no amount is provided, and southeast Asia multilateral and regional programs, for which funds are authorized from funds made available for programs in part I of the act, other than Alliance for Progress funds.

The committee added authorizations of \$1 million each for fiscal year 1967 for (1) the United Nations Children's Fund, and (2) American schools and hospitals abroad. The latter authorization is for the use of foreign currencies in the dollar equivalent of \$1 million.

The table following shows the individual amounts included in the bill as well as the amounts requested to be authorized and appropriated:

Table on foreign assistance authorizations for fiscal years 1967 and 1968, and appropriation request for fiscal year 1967

[In thousands]

Program	Fiscal year 1966 appropriation	Executive authorization request ¹	Committee recommendation		Executive appropriation request for fiscal year 1967
			Fiscal year 1967	Fiscal year 1968	
Development loan fund.....	\$618,225	\$1,250,000	\$1,000,000	² \$1,000,000	\$665,388
Technical cooperation and development grants.....	202,355	(³)	231,310	231,310	231,310
American schools and hospitals abroad.....	7,000	(³)	⁴ 11,989	10,989	10,989
Surveys of investment opportunities.....	(⁵)	(³)			
Alliance for Progress.....	510,125	850,000	850,000	⁶ 850,000	543,000
Loans.....	(435,125)	(750,000)	(700,000)	(700,000)	(455,300)
Grants.....	(75,000)	(100,000)	(150,000)	(150,000)	(87,700)
Southeast Asia multilateral and regional programs.....		(³)	(⁷)	(⁷)	
International organizations and programs.....	144,755	(³)	⁸ 141,433	140,433	140,433
Indus Basin development.....		(⁹)		51,220	
Supporting assistance:					
General.....	369,200	¹⁰ 200,000	200,000	200,000	197,200
Supplemental ¹¹	315,000				
Vietnam.....		(³)	550,000	550,000	550,000
Contingency fund.....	50,000	¹² 150,000	150,000	150,000	70,000
Southeast Asia.....	89,000	(³)			(¹³)
Supplemental ¹¹	100,000				
Administrative expenses:					
(a) Agency for International Development.....	54,240	(³)	57,387	57,387	57,387
(b) State Department.....	3,100	(¹⁴)	(¹⁴)	(¹⁴)	3,255
Military assistance.....	1,170,000	¹⁵ 917,000	917,000	917,000	917,000
Total.....	3,633,000	3,367,000	4,109,119	4,158,339	3,385,962

(NOTE.—The apparent increase above the Executive request is due to the fact that the committee authorized specific amounts for several items for which the Executive requested authorizations of “such amounts as may be necessary.”)

¹ Except as otherwise noted, the Executive requested funds for each of the fiscal years 1967 through 1971.

² Plus \$1,000,000,000 for each of fiscal years 1969 through 1971.

³ Authorized such amounts as may be necessary for fiscal years 1967 through 1971 to remain available until expended.

⁴ Includes \$1,000,000 in local currency for hospital in Israel.

⁵ \$2,100,000 was authorized and \$1,600,000 was appropriated for use beginning in fiscal year 1965 to remain available until expended.

⁶ Plus \$850,000,000 for each of fiscal years 1969 through 1971.

⁷ Funds authorized to carry out provisions of part I of the act (other than title VI) are made available for southeast Asia multilateral and regional programs.

⁸ Includes \$1,000,000 additional to the amount programmed for United Nations Children's Fund.

⁹ \$51,220,000 requested for use beginning in fiscal year 1968.

¹⁰ Plus \$200,000,000 for each of fiscal years 1968 through 1971 to remain available until expended.

¹¹ Supplemental appropriation of \$315,000,000 for supporting assistance and \$100,000,000 for the contingency fund was approved Mar. 24, 1966 (P.L. 89-374).

¹² Plus \$150,000,000 for each of fiscal years 1968 through 1971.

¹³ The fiscal year 1967 budget stated that unforeseen southeast Asia needs will be met from the general worldwide contingency fund.

¹⁴ Permanent authorization is in existing law.

¹⁵ Plus \$1,000,000,000 for use beginning in each of the fiscal years 1968 through 1971 to remain available until expended.

FOREIGN AID AND FOREIGN POLICY

The funds authorized by this bill, together with the authority contained in the Foreign Assistance Act of 1961, as amended, provide the President with a variety of tools which are essential to the conduct of U.S. foreign policy.

Included in this authorization are programs essential to the implementation of our military strategy (military assistance) and projects and operations intended to assist other nations in dealing with their immediate problems (supporting assistance), as well as programs directed toward the attainment of our longer range foreign policy objectives, including our efforts to assist in the development of a more peaceful and prosperous world environment (development loans, technical cooperation, contributions to international organizations).

Much of the criticism of foreign aid reflects dissatisfaction with the world situation or with aspects of U.S. foreign policy which the foreign assistance program has been used to implement. Most of the problems that confront the United States in various parts of the world exist because of the initiative or the shortcomings of governments other than our own. The fact that we are confronted by many of these problems should not be attributed to our foreign policy. Congress can indicate to the Executive its dissatisfaction with the situation in Vietnam or elsewhere by cutting the funds authorized for foreign aid or by establishing arbitrary limitations on the number of countries to which various types of assistance can be provided. Such action does not, however, provide either the guidance or the means for redirecting our foreign policy.

The United States in its relations with other nations is confronted with numerous and varied problems, some having a direct and immediate bearing on national security and some relating primarily to the future. The United States should have a variety of tools for use in the conduct of our foreign policy. It is not to our advantage to impose restrictions on the purposes or the countries for which these tools can be used, the effect of which is to deprive us of the means for dealing with situations which may occur. Foreign aid should be used whenever and wherever its contribution to the solution of such problems is commensurate with its cost.

It is a primary obligation of the Congress to evaluate the amount and importance of expenditures to implement foreign policy in relation to other federal spending and to require that there be sufficient advance planning of the use of funds to assure that priorities will be established and that results can be related to predetermined objectives.

The bill authorizes funds for the following programs: development loans, Alliance for Progress, technical cooperation and development grants, American schools and hospitals abroad, international organizations and programs, supporting assistance, the contingency fund, southeast Asia multilateral and regional programs, and military assistance.

All of these programs are required to carry out U.S. foreign policy as presently planned by the Executive. The committee has reviewed them in some detail in order to judge their relationship to our foreign policy objectives and to determine whether or not the funds requested are justified in terms of planned projects and operations.

The Congress has a responsibility for the guidance of our foreign policy. The bill includes provisions giving such guidance either by prohibiting U.S. assistance under specified conditions (no aid to countries whose ships trade with North Vietnam) or by expressing the sense of the Congress on specific issues (curtailment of aid to countries diverting their own resources to propaganda attacks on other recipients of U.S. assistance).

The committee has avoided cutting the authorization of funds or imposing comprehensive restrictions as an expression of general dissatisfaction with the world situation or the conduct of our foreign policy.

TWO-YEAR AUTHORIZATION

The bill provides authorization of funds to carry on the foreign assistance program for 2 years, except that 5-year authorizations for the development loan fund and for the Alliance for Progress have been included. The previous authorization for the development loan fund had been for 5 years and for the Alliance for Progress, 4 years.

The Executive had requested either a 5-year authorization for a specific dollar amount or "such amounts as may be necessary" for the various foreign assistance programs.

A 2-year authorization of specific sums assures an opportunity for each Congress to make a comprehensive review of the foreign aid authorization.

There will not be any diminution of congressional scrutiny of the foreign assistance program as a consequence of the 2-year authorization. The Committee on Foreign Affairs does not regard a 2-year authorization as indicating that it intends to assume less responsibility for, take less interest in, or do less work on foreign aid.

Annual appropriation of funds will still be necessary following a comprehensive and detailed review by the Committee on Appropriations.

The committee believes that more attention should be given to the contribution which our various foreign assistance programs are making to the advancement of U.S. foreign policy and to reviewing in detail specific foreign aid operations rather than undertaking every year an all inclusive survey of what the Executive proposes to do in the year to come and the estimated financial requirements.

The committee desires to explore and discuss policies, programs, and operations which are in need of attention. It is not anticipated that the responsible officials of the State and Defense Departments will spend less time in the preparation and presentation of material to the committee than they do at present.

The bill has been drafted so as to avoid the necessity for any authorization of additional funds for fiscal 1968.

In authorizing the same amounts for all major programs for fiscal 1968 as for 1967, the committee has deliberately established a ceiling for fiscal 1968. It is expected that the Executive will not develop plans for fiscal 1968 which contemplate any increase in foreign aid. Rather than expanding the programs already under way or seeking new areas in which to operate, those responsible for the administration of military and economic assistance should reexamine their priorities in an effort to accomplish more with less money.

THE PIPELINE

Unexpended balances, often referred to as *the pipeline*, are funds that have been obligated for goods and services on order but not yet delivered. When delivery is made, payments are met from funds previously appropriated and set aside for that purpose.

In recent years, Congress and the Executive have placed greater emphasis upon loans rather than grants. This has resulted in a buildup of the pipeline. A loan is obligated when an agreement is made with the borrowing country. Expenditures, on the other hand, are made only against deliveries or the fulfillment of conditions. In either case, the outlay of funds usually stretches over a number of years. Hence, there is a lag between obligations and expenditures. The following table shows the annual unexpended balances for the foreign assistance program—military and nonmilitary but excluding investment guaranty programs—at the end of each fiscal year since 1950.

Unexpended balances, foreign assistance program, military and nonmilitary,¹ including Alliance for Progress but excluding investment guaranties

[In billions]

1950.....	\$3. 5	1959.....	\$4. 8
1951.....	7. 1	1960.....	4. 8
1952.....	9. 9	1961.....	6. 0
1953.....	10. 1	1962.....	6. 6
1954.....	9. 6	1963.....	6. 8
1955.....	7. 9	1964.....	6. 3
1956.....	6. 4	1965.....	6. 2
1957.....	6. 1	1966 (estimated).....	6. 6
1958.....	5. 3		

¹ Excludes \$200,000,000 public debt funds and fees for the investment guaranty program.

An examination of the annual budget of the President indicates that unexpended balances are not peculiar to the foreign assistance program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Unexpended balances—Military assistance program compared with Department of Defense

[In billions of dollars]

Year	Military assistance	Department of Defense (military functions)	Year	Military assistance	Department of Defense (military functions)
1950.....	1. 3	9. 8	1959.....	2. 5	31. 7
1951.....	5. 5	38. 1	1960.....	2. 3	30. 7
1952.....	8. 4	59. 5	1961.....	2. 6	28. 7
1953.....	8. 5	62. 1	1962.....	2. 8	29. 2
1954.....	7. 8	55. 0	1963.....	2. 4	30. 3
1955.....	6. 2	45. 3	1964.....	2. 0	30. 2
1956.....	4. 6	37. 5	1965.....	1. 9	33. 1
1957.....	4. 2	34. 6	1966 ¹	2. 0	42. 0
1958.....	3. 4	32. 1			

¹ Estimated.

The funds authorized in this bill provide new or unobligated money to move the program forward. The committee recognizes that other programs financed by the United States also make available funds for

foreign assistance. Chief among these are loans by the Export-Import Bank and the proceeds derived from the sale of agricultural products. Each of these has a foreign policy objective, but is a program distinct from the foreign assistance program carried out under the Foreign Assistance Act. In a real sense these other programs complement the latter but are not a substitute for it. The executive has taken into account these other sources of financing in preparing its request for the foreign assistance program. The funds authorized and appropriated for the foreign assistance program provide the principal means of financing our programs in the developing nations. No other program provides the funds to meet the costs of the varied approaches encompassed in the foreign assistance program.

Opponents of the foreign assistance program are critical not only of the unexpended balances but of unobligated balances which they describe as excessive. They argue that the executive has asked for, and the Congress has voted, more money than can be used. The committee endorses a prudent approach in dispensing public funds. Unobligated balances are a sign of good management. The dimensions of the unobligated and unexpended balances of the foreign assistance program can be better appreciated by comparison with similar balances of other agencies of the Government. The following figures, taken from the Budget of the President, cover the Department of Defense, the Department of Agriculture, the foreign assistance program, and all other Government agencies.

Unexpended and unobligated balances

[In billions]

	Department of Defense (military functions)	Foreign assistance	Department of Agriculture	All others	Total
Unexpended, June 30, 1956.....	\$37.5	\$6.6	\$2.0	\$26.7	\$72.8
Unobligated/unreserved, June 30, 1956.....	12.7	.4	.2	19.6	32.9
Unexpended, June 30, 1957.....	34.6	6.3	3.0	24.7	68.6
Unobligated/unreserved, June 30, 1957.....	11.0	.9	1.6	17.7	31.2
Unexpended, June 30, 1958.....	32.1	5.5	4.8	29.5	71.9
Unobligated/unreserved, June 30, 1958.....	8.3	.2	3.4	20.6	32.5
Unexpended, June 30, 1959.....	31.7	5.0	3.6	31.3	71.6
Unobligated/unreserved, June 30, 1959.....	8.2	.2	2.2	22.1	32.7
Unexpended, June 30, 1960.....	30.7	5.0	3.7	33.0	72.4
Unobligated/unreserved, June 30, 1960.....	9.6	.2	2.4	23.5	35.7
Unexpended, June 30, 1961.....	28.7	6.2	3.3	38.2	76.4
Unobligated/unreserved, June 30, 1961.....	9.9	.8	1.1	27.4	39.2
Unexpended, June 30, 1962.....	29.2	6.9	4.6	39.2	79.9
Unobligated/unreserved, June 30, 1962.....	8.1	.2	1.2	27.3	36.8
Unexpended, June 30, 1963.....	30.3	7.0	4.8	45.7	87.8
Unobligated/unreserved, June 30, 1963.....	11.7	.5	1.0	32.1	45.3
Unexpended, June 30, 1964.....	30.2	6.5	4.8	48.6	89.3
Unobligated/unreserved, June 30, 1964.....	12.7	.3	.8	32.9	46.7
Unexpended, June 30, 1965.....	33.1	6.5	4.9	52.5	97.1
Unobligated/unreserved, June 30, 1965.....	13.6	.5	.8	32.0	47.0
Unexpended, June 30, 1966 ¹	42.0	6.9	6.4	59.4	114.7
Unobligated/unreserved, June 30, 1966 ¹	13.1	.5	1.1	31.9	46.6

¹ Estimated.

NOTE.—Foreign assistance unexpended balances include public debt funds of \$200,000,000 and fees for the investment guaranty program.

Military assistance reservations are included in foreign assistance unexpended balances above but are not included in unobligated balances. The figures for the Department of Defense military functions do not include undelivered military assistance orders (i.e., reservations) which have been included in the foreign assistance column of this table. Reservations are made pursuant to the provisions of sec. 108 of the Mutual Security Appropriation Act, 1956, as amended. Under the reservation procedure, equipment on order for the foreign assistance program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the foreign assistance/military assistance accounts for future reimbursement to the procurement accounts of the military services.

For development loans (included in foreign assistance) the unexpended balance includes loan commitments not yet technically obligated. The unobligated balance excludes such commitments.

PROTECTION OF INDUSTRIAL PROPERTY

The committee recognizes that today the industrial property rights (patents, trademarks, etc.) owned by a business are frequently of greater value than its real or personal property. If private investment in foreign countries is to make an effective contribution to economic development, it is essential that such rights shall be fully protected.

It has been the intention and is the understanding of the committee that section 620(e) of the Foreign Assistance Act, which requires that assistance be suspended to any country expropriating without adequate compensation the property of U.S. citizens, refers to industrial as well as to real and personal property.

After considering the desirability of adding language specifically dealing with industrial property to the comprehensive provisions of section 620(e), the committee concluded that such specific language, at this time, would not add to the protection which the U.S. investor derives from section 620(e) in its present form, and that investment in the less developed countries would be more effectively promoted by encouraging the enactment of laws for the protection of industrial and intellectual property in such countries as well as obtaining their adherence to international conventions relating to industrial property.

IMPORTS OF GALVANIZED STEEL INTO VIETNAM

Information was brought to the attention of the committee which indicated that procurement of galvanized steel sheets for civilian use in Vietnam, financed by the Agency for International Development, had resulted in imports of sheets of inferior quality at excessive cost.

This unsatisfactory situation had arisen as a consequence of the abnormal conditions under which imports through commercial channels have been carried on, as well as of modifications made by the Agency for International Development in its normal procurement regulations. The new regulations were directed toward making available galvanized sheets (urgently required for roofs in villages) at low cost to Vietnamese consumers from a source requiring less ocean transport than shipments from the United States, and at the same time supporting the growing galvanizing industry in Korea and protecting the U.S. balance of payments.

The Agency for International Development firmly adheres to a policy of financing procurement in the United States or in the less developed countries (which have little to sell that is useful to AID). There are, however, no statutory provisions requiring such procurement. The implementation of this policy is accomplished by administrative regulations and procedures.

After AID had confirmed, as a result of its own investigations, that there had been some basis for charges of overpricing, poor quality, and possible collusion between buyer and seller, AID suspended procurement of galvanized sheets for Vietnam and undertook a comprehensive revision of its procedures.

The committee feels strongly that whatever action is necessary should be taken to make sure that from now on all AID-financed galvanized sheets will be of satisfactory quality at prices established in a competitive market. The committee believes also that AID-financed procurement of galvanized sheets should be managed so as to protect the U.S. balance of payments and that AID regulations

should not be drawn so as to have the effect of denying access to the Vietnamese market to steel sheets properly galvanized in Korea.

After careful deliberation, it is the conclusion of the committee that the attainment of these objectives can best be accomplished by issuing regulations rather than by statute. The desire and the ability of any seller to compete in the Vietnamese market for galvanized sheets depends on such factors as manufacturing and ocean freight costs as well as on changes in the international market for rolled steel. The impact of any regulation cannot be determined in advance with certainty and procedures which function satisfactorily for a time may come to have an adverse effect as a result of new developments in the market.

It would be a mistake to establish by law rules applying to the procurement of a single category of imports in a situation as complex and rapidly changing as exists in Vietnam.

The committee believes, however, that the objectives of AID procurement policy for Vietnam should be firmly established and that discretion and flexibility should relate to the means of attaining these objectives—not to the objectives themselves.

The Agency for International Development has worked out in detail new procedures for handling procurement of galvanized steel sheets for Vietnam which are described in the hearings on H.R. 12449 and H.R. 12450, pages 991–994. It is the understanding of the committee that operations under these regulations will be continuously and closely reviewed, and if there is any indication either that Vietnamese consumers are being gouged, or that the new procedures have an adverse impact on the U.S. steel industry or that the Korean galvanizing industry is jeopardized, AID will take prompt corrective action.

PEACE AND STABILITY IN THE NEAR EAST

While our economic aid programs have made some contribution to economic development in the Near East, the area continues to be unstable, with little progress toward an Arab-Israel peace or toward settlement of the conflicts between the Arab States. Nonetheless, major arms clashes have been avoided.

Regrettably, the arms race which began with weapons supplied by the Soviet bloc to Egypt in 1955 has been intensified in kind and in quantity.

Our Government has recognized that the massive shipments of arms by the Soviet bloc to the United Arab Republic and to other Arab States—Syria, Iraq, Algeria, and Yemen—have had a destabilizing effect in the area and, accordingly, we have taken steps to prevent an arms imbalance by providing arms to Jordan, Saudi Arabia, and Israel.

The arms race has imposed excessive defense burdens on the governments of the region. With past U.S. economic aid, Israel has made rapid economic progress over the years.

The current program continues economic assistance to Jordan and it is hoped that the defense expenditures incurred by Jordan will not cancel out the economic assistance which we are furnishing to that country.

In the past, we have recommended that our aid to Israel and the Arab States should be administered so as to discourage conflict and to

promote stability in the area. The committee strongly adheres to the view that economic assistance should be withheld from countries which persist in policies of belligerence and in preparation for their execution.

PROVISIONS OF THE BILL

PART I

CHAPTER 1—POLICY

Section 101(a)—Use of economic resources for propaganda purposes

Section 101(a) amends paragraph 9 of section 102 of the act—"Statement of Policy"—which includes an expression of the sense of Congress that in the administration of economic assistance, consideration should be given to countries—

which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The amendment adds to this statement a sentence expressing the further sense of the Congress—

that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.

The amendment has a twofold purpose: first, to bring to the attention of the Congress instances of AID recipients preoccupied with quarrels with other nations or in disagreement with the United States that use their limited resources for such propaganda; and, second, by calling for full and current reports from responsible U.S. officials on such propaganda activities, to prevent the administrators of the foreign aid program from either ignoring propaganda campaigns of this kind or accepting them as normal or inevitable in certain situations.

Section 101(b)—Compensation for damage of U.S. property by mob action

Section 101(b) amends section 102 of the act—"Statement of Policy"—which includes in the last paragraph a statement of the sense of the Congress that—

assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof—

by adding the words—

and to provide adequate compensation for such damage or destruction.

This language was added to indicate both to foreign governments and to U.S. officials responsible for the conduct of our foreign policy the desire of the Congress that a high priority be given not only to the

protection of U.S. property from mob action but also to the provision of adequate compensation in cases where damage has occurred.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Section 102(a)—Improvement of climate for private investment

Section 102(a) amends section 201(b) of the act—general authority—by adding to the directions to be followed by the President in making development loans, this sentence:

In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

It is becoming increasingly apparent that satisfactory economic development requires more than the elimination of obstacles to the investment of outside capital. The accumulation and investment of capital by private investors within the developing countries is of even greater importance.

Identical language is proposed for inclusion in section 251(b) relating to the Alliance for Progress.

Section 102(b)—Authorization

Section 102(b)(1) authorizes an appropriation of \$1 billion for each of the fiscal years 1967 through 1971 (5 years). The Executive requested an authorization of \$1.25 billion for each of these years, although an appropriation of only \$665,338,000 for fiscal year 1967 is being requested under this authorization.

The appropriation for this purpose for fiscal year 1966 was \$618,225,000.

In making a 5-year authorization for the development loan fund, the committee has continued the practice begun in the Foreign Assistance Act of 1961, which included a 5-year authorization for development loans.

Although funds for development loans are authorized for a 5-year period, annual appropriations will be required so that the program will be subject to scrutiny by the Congress every year. The 5-year authorization does provide, however, a certain degree of encouragement to the less developed countries to push forward with long-range development programs by indicating support by the Congress for such planning.

The record clearly indicates that the existence of an authorization for future years has not been regarded either by the Executive or by the beneficiaries of development loans as commitments on the part of the United States. In each year since 1962 the Executive has requested substantially less than the amount authorized, as indicated by the following tabulation:

	Authorization	Executive request
1963.....	\$1,500,000,000	\$1,250,000,000
1964.....	* 1,500,000,000	1,060,000,000
1965.....	1,500,000,000	922,200,000
1966.....	1,500,000,000	780,250,000

*NOTE.—The authorization of \$1,500,000,000 for fiscal year 1964 contained in the Foreign Assistance Act of 1961 was reduced by the Foreign Assistance Act of 1963 to \$925,000,000 for fiscal year 1964.

The fact that the administrators of the foreign assistance program have under the previous authorization limited their annual requests for funds for development loans to the amounts which could be justified under their programming procedures rather than asking for the entire authorization has led the committee to believe that a 5-year authorization will not lead to extravagance in the use of funds.

Section 102(b)(2) also extends for a period of 5 years the requirement contained in section 202(a) of the act that not less than 50 percent of the funds provided for development loans "shall be available for loans made to encourage economic development through private enterprise."

Development loans are made available to less developed countries which are able and willing to make effective use of substantial investments of outside capital. In order to qualify for development loans, governments must be ready to provide their share of the cost, must have the necessary administrative capacity to facilitate the projects and programs being financed, must have worked out a sufficiently detailed and coordinated plan to provide assurance that the capital invested will make an effective contribution to the economic development of their countries, and must have shown a determination to take effective self-help measures to promote economic development.

Ten countries are scheduled to receive development loans in fiscal 1967, and it is anticipated that several additional countries will qualify.

All development loans must meet the following tests:

They must be repayable in dollars, and there must be a finding of reasonable prospects of repayment.

It must have been found that financing is not available from other free world sources, including private sources within the United States.

Consideration must have been given to the possible effects on the U.S. economy of loans to expand overseas production of commodities with special reference to areas of substantial labor surplus.

Although not required by law, it is and has been during recent years the policy of the Agency for International Development to require that development loan funds (as well as other AID funds) should be spent in the United States. In calendar year 1965, 92 percent of the commodities financed by AID, including both development loan procurement and procurement with other AID funds, were procured in the United States.

Development loans are subject to the general prohibitions and limitations contained in the Foreign Assistance Act, including those prohibiting aid to Communist countries, to countries expropriating U.S.-owned property, to countries permitting ships to trade with Cuba, and to countries preparing for aggressive military efforts either against the United States or countries receiving U.S. assistance.

Development loans are programed for countries which, in the judgment of those responsible for the conduct of U.S. foreign policy, it is

in the interest of the United States to assist with their programs for long-range economic development. These loans are available only to the more advanced of the developing countries and their purpose is to make available relatively large amounts of capital. The amount necessary in each case is a matter of judgment. Unless funds adequate to provide the necessary impact on the economy of the recipient country are provided, such loans will be ineffective.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

Section 103(a)—Assistance to research and educational institutions

Section 103(a) amends section 211 of the act which relates to general authority by adding a new subsection (d). The amendment authorizes the President to use, on such terms and conditions as he may specify, not more than \$10 million of the funds made available for grants under section 211 and under section 252 (Alliance for Progress) for assistance to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.

AID currently uses the services of universities in its programs overseas. The new language will enable it to make grants to a few universities or groups of universities in order that they may develop competence on the campus in problems related to growth in the less developed countries. AID will then be able to draw upon their findings for programing and carrying out activities to deal with these problems. Studies in depth will be directed toward particular subjects such as land reform, arid land agriculture, and industrial development. The authority in this subsection is complementary to the pending International Education Act which includes among its objectives the training of American scholars in language and area studies. The emphasis by AID will be on technical programs directly related to economic growth.

Section 103(b)—Authorization

Section 103(b) amends section 212 of the act which relates to authorization for technical cooperation and development grants by authorizing an appropriation of \$231,310,000 for each of fiscal years 1967 and 1968. The authorization contained in this subsection will enable AID during fiscal year 1967 to carry out technical assistance programs in 47 countries in Africa, the Near East and south Asia, and the Far East in addition to interregional activities and research program support. Underlying the committee's support of these programs is the belief that the development of the less developed countries can only be accomplished to the degree that they are able to use their own human and material resources.

Increased emphasis is being put upon programs in agriculture, education, and health—programs that lay the basis upon which long-range development can be built. For the next fiscal year, 42 percent of AID assistance in Africa will be in technical cooperation activities

while in the Far East the amount will be 7 percent, and in the Near East and south Asia it will be 6 percent. These variations reflect several considerations in AID planning such as the nature of U.S. objectives, the ability of individual countries and regions to make greater use of capital assistance as distinct from technical assistance, and the relative urgency of the need for skilled manpower and institutional development.

Under the development grant authority provided in sections 211 and 251 of the act, the Agency for International Development has extended special development activities authority to AID mission directors, including Latin America. The director may use \$50,000 in grant funds for high-impact projects which can be funded with a minimum of red-tape and review. Projects must meet the criteria set out in sections 211 and 251 of the act which stipulate that assistance shall be directed to the development of human resources.

The committee believes that this is one of the most useful and productive activities in our aid program. Through this special funding authority it is possible to reach directly the people who need assistance the most. The fund should be used more extensively than in the past. Although the mission directors may apply for an additional allotment when the first is exhausted, only one Latin American mission did so in fiscal 1965. Six missions used no funds at all and four used less than \$50,000.

Mission directors should be encouraged to use this special authority and to instruct their staffs to be alert for opportunities to use the fund effectively.

Section 103(c) (1) and (2)—American schools and hospitals abroad

Section 103(c) of the bill amends section 214 of the act relating to American schools and hospitals abroad in the following respects:

(1) Section 214(b) of the act is amended by changing the definition of institutions eligible to receive assistance from "hospitals * * * serving as centers for medical education and research" to "hospital centers for medical education and research." The purpose of this amendment is to make clear that certain auxiliary facilities, such as laboratories and nurses' training and related facilities, are included in the purview of this section. The requirements that the aided institution must be located outside the United States and that it must have been founded or sponsored by U.S. citizens remain unchanged. The bill further amends this section by extending the waivers applicable to assistance provided under section 214(b) to institutions presently authorized to be aided under section 214(a).

(2) Section 214(c) of the act is amended by authorizing appropriations of \$10,989,000 for each of the fiscal years 1967 and 1968. This compares with programs of \$19.8 million in fiscal 1964, \$17.6 million in fiscal 1965, and \$7 million in fiscal 1966. Almost 95 percent of the authorization for the coming year is planned for five institutions: The University of the Americas in Mexico City, the American University of Beirut, Robert College in Istanbul, the American University in Cairo, and Project Hope. All of the institutions being assisted

under this section contribute to the economic and social development of the areas where they are located. In the language of the act, they also serve "as study and demonstration centers for ideas and practices of the United States."

Section 103(c)(3)—Authorization of foreign currencies

This section of the bill adds a new subsection (d) to section 214 of the act which deals with the general authority for American schools and hospitals abroad.

This amendment authorizes an appropriation of \$1 million in excess foreign currency to support such institutions.

The intention of this amendment is to make the Hadassah-Hebrew University Medical Center in Jerusalem the beneficiary of a grant of \$1 million in Israel pounds that are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury.

The Hadassah-Hebrew University Medical Center in Jerusalem is a modern facility supported by the private charitable contributions of the Hadassah organization in the United States. The medical center houses a comprehensive program of teaching, healing, and research in medicine, dentistry, nursing, and pharmacology. Many of its students come from outside of Israel, representing countries from Africa and south Asia.

TITLE III—INVESTMENT GUARANTIES

This title amends title III of existing law relating to investment guaranties in the following respects:

(1) It raises the limit on the volume of specific risk guaranties which may be issued from \$5 to \$8 billion (no funds are required); (2) it increases the amount authorized for extended risk guaranties from \$300 to \$375 million and earmarks \$160 million of the total extended risk guaranty authority for use solely for housing projects; (3) it prescribes a minimum rate of interest that the Administrator of AID can allow eligible U.S. investors to earn on loan investments for housing and grants authority to allow not to exceed 1% above the current FHA rate if found necessary; (4) it increases from \$400 to \$500 million the total face amount of Latin American housing guaranties that may be outstanding at any one time and earmarks \$350 million of the total authorized guaranty ceiling for use solely for pilot or demonstration private housing projects similar to those insured by the Department of Housing and Urban Development; (5) it raises from 20 to 30 years the period beyond which guaranties of equity investments may not be extended, and authorizes a number of lesser changes to make the program more serviceable to investors. No new type of coverage is authorized.

Section 104(a)(1)—Ceiling on specific risks

This subsection increases the limit on the total amount of specific risk guaranties (convertibility, expropriation, war, revolution, and insurrection) which may be outstanding at any one time from \$5 to \$8 billion. The amount authorized relates only to the volume of guar-

anties that can be issued (comparable to insurance policies issued) and outstanding at any one time. No appropriation of funds is involved.

There is a growing demand for specific risk guaranties on the part of American private investors. The annual rate of issuance has more than doubled since 1963 and presently averages about \$1 billion annually. Following is a comparison of the number of coverages written which reflects the rate of growth and indicates the significant improvement made by AID in speeding up the processing of applications for guaranties.

	Number of coverages	Value
Calendar year:		
1960-----	46	\$63, 700, 000
1961-----	50	71, 000, 000
1962-----	144	440, 000, 000
1963-----	186	426, 000, 000
1964-----	468	707, 800, 000
1965-----	645	954, 000, 000

As of March 31, 1966, the dollar value of the face amount of specific risk guaranties outstanding totaled \$2.5 billion. The additional issuing authority of \$3 billion provided in this bill is sufficient at the present rate of issuance to carry this program over the next several years.

The committee has noted some concern among investors resulting from an AID practice of setting a dollar ceiling on AID's undertaking to include interest in compensation under an investment guaranty. The committee gathers that this practice was founded on an interpretation of the words "total face amount of the guaranty," which appear in sections 221 and 224 of the act, as meaning "maximum contingent liability of the United States under guaranty." The committee does not regard that interpretation as necessary. Other governmental guaranty programs are regulated by a limitation on the principal amount of the obligations being guaranteed. Interest included in compensation under a guaranty is not limited to a specific sum and is not counted as part of the "total face amount of the guaranty." The committee was glad to hear testimony that AID is changing its prior practice so that AID's undertakings to pay interest on investment guaranty claims are no longer limited to any specific figure.

There are now 73 countries and areas in which at least some portion of the investment guaranty program is in effect. The list of eligible countries, the nature of the coverage agreed to, and the amounts of specific risk guaranties issued are shown in the following tables:

Countries or areas where investment guaranties are available, May 16, 1966

Convertibility	Expropriation	War, revolution, and insurrection	Extended risk
Afghanistan.....	Afghanistan.....	Afghanistan ¹	
Argentina.....	Argentina ²	Argentina ²	Argentina. ²
Bolivia.....	Bolivia.....	Bolivia.....	Bolivia.
Brazil.....	Brazil.....	Brazil.....	Brazil.
British Guiana.....	British Guiana.....	British Guiana.....	British Guiana.
British Honduras.....	British Honduras.....	British Honduras.....	British Honduras.
Central African Republic.....	Central African Republic.....	Central African Republic.....	Central African Republic.
Ceylon.....	Ceylon.....	Ceylon.....	Ceylon.
Chad.....	Chad.....	Chad.....	Chad.
Chile.....	Chile.....	Chile.....	Chile.
China, Republic of.....	China, Republic of.....	China, Republic of.....	China, Republic of.
Colombia.....	Colombia.....	Colombia.....	Colombia.
Congo (Brazzaville) ³	Congo (Brazzaville) ³	Congo (Brazzaville) ³	Congo (Brazzaville). ³
Congo (Léopoldville).....	Congo (Léopoldville).....	Congo (Léopoldville).....	Congo (Léopoldville).
Costa Rica.....	Costa Rica.....	Costa Rica ²	Costa Rica. ²
Cyprus.....	Cyprus.....	Cyprus.....	Cyprus.
Dahomey.....	Dahomey.....	Dahomey.....	Dahomey.
Dominican Republic.....	Dominican Republic.....	Dominican Republic.....	Dominican Republic.
Ecuador.....	Ecuador.....	Ecuador.....	Ecuador.
El Salvador.....	El Salvador.....		
Ethiopia.....	Ethiopia.....		
Gabon.....	Gabon.....	Gabon.....	Gabon.
Ghana.....	Ghana.....		
Greece.....	Greece.....	Greece.....	Greece.
Guatemala ³	Guatemala ³		
Guinea.....	Guinea.....	Guinea.....	Guinea.
Haiti.....	Haiti.....		
Honduras.....	Honduras.....	Honduras.....	Honduras.
India.....	India.....	India.....	India.
Iran.....	Iran.....		
Israel.....	Israel.....	Israel.....	Israel.
Ivory Coast.....	Ivory Coast.....	Ivory Coast.....	Ivory Coast.
Jamaica.....	Jamaica.....	Jamaica.....	Jamaica.
Jordan.....	Jordan.....	Jordan.....	Jordan.
Kenya.....	Kenya.....	Kenya.....	Kenya.
Korea.....	Korea.....	Korea.....	Korea.
Laos.....	Laos.....	Laos.....	Laos.
Liberia.....	Liberia.....	Liberia.....	Liberia.
Malagasy.....	Malagasy.....	Malagasy.....	Malagasy.
Malaysia.....	Malaysia.....	Malaysia.....	Malaysia.
Mali.....	Mali.....	Mali.....	Mali.
Mauritania.....	Mauritania.....	Mauritania.....	Mauritania.
Morocco.....	Morocco.....	Morocco.....	Morocco.
Nepal.....	Nepal.....	Nepal.....	Nepal.
Nicaragua.....	Nicaragua.....	Nicaragua.....	Nicaragua.
Niger.....	Niger.....	Niger.....	Niger.
Nigeria.....	Nigeria.....		
Pakistan.....	Pakistan.....		
Panama.....	Panama.....	Panama ¹	
Paraguay.....	Paraguay.....		
Peru.....			
Philippines.....	Philippines.....		
Portugal.....	Portugal.....		
Rwanda ²	Rwanda ²	Rwanda ²	Rwanda. ²
Senegal.....	Senegal.....	Senegal.....	Senegal.
Sierra Leone.....	Sierra Leone.....	Sierra Leone.....	Sierra Leone.
Singapore.....	Singapore.....	Singapore.....	Singapore.
Somalia.....	Somalia.....	Somalia.....	Somalia.
Spain ⁴	Spain ⁴		
Sudan.....	Sudan.....	Sudan.....	Sudan.
Tanzania.....	Tanzania.....	Tanzania.....	Tanzania.
Thailand.....	Thailand.....	Thailand.....	Thailand.
Togo.....	Togo.....	Togo.....	Togo.
Trinidad-Tobago.....	Trinidad-Tobago.....	Trinidad-Tobago.....	Trinidad-Tobago.
Tunisia.....	Tunisia.....	Tunisia.....	Tunisia.
Turkey.....	Turkey.....	Turkey.....	Turkey.
Uganda.....	Uganda.....	Uganda.....	Uganda.
Upper Volta.....	Upper Volta.....	Upper Volta.....	Upper Volta.
U.A.R. (Egypt).....	U.A.R. (Egypt).....	U.A.R. (Egypt).....	U.A.R. (Egypt).
Uruguay ²	Uruguay ²		
Vietnam.....	Vietnam.....	Vietnam.....	Vietnam.
Venezuela.....	Venezuela.....	Venezuela.....	Venezuela.
Yugoslavia ³	Yugoslavia ³		

¹ Includes only guaranties against loss due to damage from war.

² Although applications will be accepted, guaranties cannot be processed until agreement is ratified by country's legislative body and in force.

³ Restricted availability.

⁴ Not presently available.

NOTES

Although the Mutual Security Act of 1959 excluded economically developed countries for purposes of the investment guaranty program, guaranties are still available for the underdeveloped overseas dependencies of the following countries:

Convertibility	Expropriation	War, revolution, and insurrection	Extended risk
Denmark.....	Denmark.....		
France.....	France.....		
Netherlands.....	Netherlands.....		
Norway.....	Norway.....		
United Kingdom.....			

The following countries also had agreed to participate in the investment guaranty program, but due to the Mutual Security Act of 1959 guaranties are no longer issued there: Australia, Belgium, Finland, Germany, Ireland, Italy, Japan, and Luxembourg.

Cuba signed the agreement in 1957 for convertibility and expropriation, but due to conditions existing in that country the program is inoperative.

Cumulative report of specific risk guaranties issued by areas and country through Mar. 31, 1966

Country	Number	Convert- ibility	Expropri- ation	War risk	Total
Argentina.....	217	\$333,048,420	\$169,618,142	\$79,990,199	\$582,656,761
Bolivia.....	53	12,193,899	32,422,850	5,626,996	50,243,745
Brazil.....	4	2,315,015	1,953,000	1,953,000	6,221,015
Chile.....	51	115,844,782	95,403,600	10,263,000	221,511,382
Colombia.....	148	63,470,388	68,737,028	43,763,808	175,971,224
Costa Rica.....	28	2,394,252	9,451,488		11,845,740
Dominican Republic.....	30	3,625,000	7,535,000	30,820,000	41,980,000
Ecuador.....	99	17,629,934	17,594,475	8,739,925	43,964,334
El Salvador.....	14	4,572,935	4,728,353		9,301,288
French Guiana.....	1		200,000		200,000
Guatemala.....	9	447,000	2,772,000		3,219,000
Haiti.....	27	9,909,305	10,879,305		20,788,610
Honduras.....	39	5,878,300	28,943,000		34,821,300
Jamaica.....	8	544,792	338,792	118,000	1,001,584
Nicaragua.....	23	3,420,644	5,079,708	2,245,000	10,745,352
Panama.....	12	1,146,408	10,922,008	496,408	12,564,824
Paraguay.....	5	3,912,000	6,912,000		10,824,000
Peru.....	27	30,283,584			30,283,584
Trinidad.....	16	56,763,096	35,232,171	33,182,817	125,178,084
Venezuela.....	71	11,927,033	31,177,033	22,787,628	65,891,694
Latin America, total.....	882	679,326,787	539,899,953	239,986,781	1,459,213,521
Afghanistan.....	3	400,000	200,000	200,000	800,000
Cyprus.....	2		85,000	85,000	170,000
Greece.....	18	5,556,028	5,121,905	2,525,000	13,202,933
India.....	233	123,179,382	94,732,335		217,911,717
Iran.....	44	53,258,976	48,277,375		101,536,351
Israel.....	21	1,225,000	1,972,200	8,009,007	11,206,207
Jordan.....	2		8,000,000		8,000,000
Nepal.....	9	50,000	50,000	50,000	150,000
Pakistan.....	32	11,596,835	78,960,967		90,557,802
Turkey.....	51	112,310,456	55,138,106	444,440	167,893,002
NESA, total.....	415	307,576,677	292,537,888	11,313,447	611,428,012
China.....	78	47,519,162	43,095,441	27,027,000	117,641,603
Hong Kong.....	13	13,130,181			13,130,181
Japan.....	8	2,872,000	2,422,000		5,294,000
Korea.....	23	65,559,358	69,472,047	53,264,186	188,295,591
Laos.....	2		1,500,000	1,500,000	3,000,000
Malaysia.....	8	843,300	1,598,240		2,441,540
Philippines.....	46	13,681,038	10,427,309		24,108,347
Singapore.....	9	20,884,000	20,884,000	20,913,000	62,681,000
Thailand.....	44	16,316,375	13,055,593	10,140,000	39,511,968
Vietnam.....	26	3,457,973	3,618,972	1,824,647	8,901,592
Far East, total.....	257	184,263,387	166,073,602	114,668,833	465,005,822

Cumulative report of specific risk guaranties issued by areas and country through Mar. 31, 1966—Continued

Country	Number	Convertibility	Expropriation	War risk	Total
Algeria.....	4		\$15,750,000		\$15,750,000
Angola.....	2	\$90,000	90,000		180,000
Congo (L).....	6	475,000	475,000		950,000
Gabon.....	2	244,440	244,440		488,880
Ghana.....	2	420,000	420,000		840,000
Guinea.....	14	31,100,000	103,600,000	\$20,100,000	154,800,000
Ivory Coast.....	12	2,881,070	2,881,070	995,000	6,757,140
Kenya.....	13	5,342,000	4,960,000	4,960,000	15,262,000
Liberia.....	14	1,400,000	20,757,625	710,000	22,867,625
Malagasy.....	3	766,000	766,000	383,000	1,915,000
Morocco.....	20	3,498,133	3,130,436	1,330,000	7,958,569
Nigeria.....	29	9,511,758	7,323,097		16,834,855
Senegal.....	6	324,350	753,130	100,000	1,177,480
Sierra Leone.....	15	11,105,000	19,980,000	19,237,000	50,322,000
Somalia.....	3	444,640	444,640	222,320	1,111,600
Sudan.....	2		2,250,000	1,215,000	3,465,000
Togo.....	6	21,930,000	20,162,000	20,074,000	62,166,000
Tunisia.....	18	3,658,000	7,474,000	3,701,800	14,833,800
Regional.....	8	18,999,181	61,230		19,060,411
Africa, total.....	179	112,189,572	211,522,668	73,028,120	396,740,360
Austria.....	3	1,030,000	1,000,000		2,030,000
Belgium.....	7	432,000	120,000		552,000
Denmark.....	1	182,500			182,500
France.....	68	34,355,295	15,933,536		50,288,831
Germany.....	66	13,875,541	44,855,690		58,731,231
Italy.....	66	113,636,819	44,908,454	676,053	159,221,326
Netherlands.....	26	7,444,835	3,883,056		11,327,891
Portugal.....	8	8,227,000	12,227,000		20,454,000
United Kingdom.....	39	32,381,099			32,381,099
Yugoslavia.....	2	2,000,000	2,000,000		4,000,000
Europe, total.....	286	213,565,089	124,927,736	676,063	339,168,878
Worldwide, total.....	2,019	1,496,921,512	1,334,961,847	439,673,234	3,271,556,593

As of March 31, 1966, the dollar value of guaranties still outstanding were (worldwide):

	Convertibility	Expropriation	War risks	Total
Specific risk.....	\$1,117,476,072	\$1,023,745,711	\$396,014,229	\$2,537,236,012
Development Loan Fund.....				54,500,000
Total.....				2,591,736,012

Fees.—The committee has noted with satisfaction that AID, in order to improve the capacity of the program to attract additional investment to the developing countries, has adjusted its rates for the various specific risk coverages. Beginning on March 15, 1966, the fee for convertibility insurance was reduced from one-half of 1 percent to one-fourth of 1 percent per annum. In addition, a combined coverage for expropriation and war damage has been made available at a single rate which is below that for the same coverage under separate contracts. Also, the fee for standby coverage (the difference between the amount currently in force and the maximum amount which the investor may elect in the future to have in force) has been reduced from one-half to one-tenth of 1 percent per annum. These reductions result from the Agency's very light loss experience in relation to its income from fee charges. Through April 30, 1965, the accumulated fees collected, net of claims paid, totaled \$32.9 million.

The committee believes that the Agency should keep its fee charge under review so that the investment guaranty program will remain an attractive source for stimulating private investment.

Section 104(a)(2)—Ceiling on extended risks

This subsection amends the third proviso of section 221(b)(2) of the act in two respects.

First, it increases the presently authorized volume of extended risks which may be outstanding at any one time from \$300 million to \$375 million. Second, it increases from \$125 million to \$160 million the amount of the total authorized ceiling to be set aside for use solely for housing projects throughout the world. The remaining \$215 million is available for investments in nonhousing projects under which 75 percent of the investment may be guaranteed against all risks. Only \$14,055,010 has been authorized for other than housing through April 30, 1966, as follows:

Argentina (petrochemicals)-----	\$8, 325, 000
Colombia (carbon black manufacturing)-----	618, 750
Somalia (fish catching and freezing)-----	111, 260
Korea (fertilizer manufacturing)-----	5, 000, 000
Total -----	14, 055, 010

This program has not achieved the potential usefulness it should have attained, particularly as a means of attracting long-term loans from institutional investors for sound private projects in the developing countries. The committee was encouraged by testimony that AID has been working with members of the business and financial community to develop ways to make these guarantees more effective. A current development which appears to afford some promise would provide extended risk coverage for the full amount of the long-term institutional financing if the short-term commercial financing amounted to 25 percent of the combined long- and short-term financing for the project, and if the short-term financing was not covered by extended risk guaranties.

The committee hopes that this technique will prove successful in attracting private long-term loans at reasonable interest rates for projects which will spur the growth of the private sector in the countries we are assisting. The committee also wants to see AID continue its efforts to find additional techniques for use of the authority to assist in the financing of the important private projects, large and small, which this program is designed to promote.

This subsection and subsection 104(d)(1) change the reference to the Federal Housing Administration to Department of Housing and Urban Development in order to conform to existing law.

Section 104(a)(3)—Extended risk guaranty termination

This section amends the fourth proviso of section 221(b)(2) of the act, which relates to the termination date for the authority to issue extended risk guaranties by extending the present termination date of June 30, 1967, to June 30, 1970.

In line with past practice, the termination date is extended 2 years beyond the authorization period to assure those eligible investors who start planning before June 30, 1968, but are unable to complete their investments by that time, against the possibility that the extended risk program may lapse in 1968.

Section 104(b)—Maximum term

This subsection amends section 221(c) of the act which relates to the general authority to issue investment guaranties by raising the maximum term on guaranties of equity investments from 20 years to 30 years. The committee believes that by providing a longer term for which equity guaranties may be issued, the specific and extended risk guaranty programs would become more attractive and might encourage an even greater participation on the part of private U.S. investors in developing areas.

Section 104(c)—Allowable rate of interest

This subsection adds a new subsection (h) to section 222 of the act which relates to general provisions. The language prescribes the rate of interest which the Administrator of AID must allow eligible U.S. investors on loan investments for housing guaranteed under section 221(b)(2), extended risks, or section 224, Latin American housing.

The effective yield to the prime investor has been fixed by the Treasury Department at rates ranging from a low of 5 percent to the present 5½ percent. Unfortunately the yield rates have not kept pace with the fluctuation in the money market or with the FHA rate which currently is 5¾ percent. This has made it extremely difficult to obtain commitments from investors for overseas housing projects since a higher yield is available domestically. This is presently a major handicap to the housing guaranty program. This subsection, therefore, requires the Administrator to fix the allowable rate of interest for investors under these housing programs at a minimum of one-half of 1 percent above the current rate applicable to housing mortgages insured by the Federal Housing Administration. The effect of this requirement is that when the FHA rate is 5¾ percent, a 6¼-percent interest rate on investments in housing projects under the guaranty program would be mandatory. This 6¼-percent rate would be competitive with FHA mortgages since financial institutions demand discounts on FHA-insured mortgages which raises the effective interest yield for FHA-insured mortgages above the stated rate of 5¾ percent. This will improve the chances of obtaining long-term investment commitments for these guaranteed housing projects.

This amendment also permits the Administrator to further adjust the rate of interest for investments above the mandatory one-half of 1 percent but not more than 1 percent above current FHA rates should the Administrator find it necessary in order to obtain adequate financing for the housing guaranty program.

Section 104 (d)(1)—Technical amendment to change Agency name

This subsection changes the reference to the Federal Housing Administration to the Department of Housing and Urban Development to conform to existing law.

Section 104(d)(2)—Latin American housing

These subsections amend section 224(c) of the act which relates to the total face amount of guaranties that may be outstanding at any one time, by increasing from \$400 to \$500 million the amount authorized, and setting aside \$350 million of the total amount authorized for use solely for pilot or demonstration private housing projects of types similar to those insured by the Department of Housing and Urban Development, as specified in section 224(b)(1).

The principal purpose of these amendments to the act is to assure that the guaranty program will continue to support private housing projects demonstrating U.S. techniques for building, financing, and marketing privately developed housing. Under this program there were 14 housing projects completed or under construction as of February 28, 1966. These projects involve a total investment of \$82.2 million, covering the construction of 16,000 dwelling units. Another 36 projects, involving \$157.2 million in investment and 28,000 dwelling units, were in various stages of processing. Last year the Congress specifically provided the authority (sec. 224(b)(1)) to continue this program although it was objected to and was not requested by the administration. Despite its successful operation, AID has again announced that it would not approve further projects of this sort beyond the approximately \$250 million in guaranties being processed or underway. It continues to be the position of this committee that housing projects of this nature make substantial contributions to economic development and immediate impact upon social conditions by alleviating housing shortages. Therefore, the committee insists, as it did last year, upon the continuation of these self-liquidating pilot or demonstration projects.

It has provided the additional \$100 million of guaranty issuing authority as well as the earmarking provision to assure the availability of adequate authority to cover guaranties for housing projects under authority of section 224(b)(1). The committee also recognizes the value of developing institutions engaged in programs for improving housing conditions in Latin America for which authority is provided under section 224(b), parts 2 through 5. It believes, however, that these programs as well as pilot and demonstration projects can be carried out simultaneously. Sufficient authorization is available and the committee expects it to be fully utilized for those purposes for which the committee expressly made it available.

Section 104(d)(3)—Time limit on Latin American housing guaranties

This section amends the final proviso to section 224(c) of the act, which relates to Latin American housing project guaranties, by extending the termination date for the authority to issue such guaranties from June 30, 1967, to June 30, 1970.

TITLE VI—ALLIANCE FOR PROGRESS

Section 105(a)—Improvement of climate for private investment

Section 105(a) amends section 251(b) of the act which relates to general authority by adding to the directives contained in existing law to be followed by the President in furnishing assistance to countries participating in the Alliance for Progress this sentence:

In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

This language is included because it has become increasingly apparent that external assistance alone is not effective in promoting economic development. The key to such development is the accumulation and investment of indigenous capital. Governments desiring U.S. aid can demonstrate their readiness to give priority to economic

development by taking the various steps necessary to bring about a climate favorable to private investment.

This language is identical to that included in section 201(b) relating to development loans.

Section 105(b)—Authorization

Section 105(b) authorizes an appropriation of \$850 million for each of the fiscal years 1967 through 1971, of which \$150 million each fiscal year may be made available under terms and conditions other than dollar repayable loans. The appropriation for fiscal year 1966 was \$510,125,000 of which \$75 million was available on terms other than dollar repayable loans.

The Executive has requested an appropriation of \$543 million for the Alliance for fiscal 1967.

The original legislation for the Alliance for Progress authorized \$600 million for each of the fiscal years 1963 through 1966. (Subsequently, Congress reduced the authorization for 1964 to \$525 million.) The authorization was limited to a 4-year period because the 5-year authorization for the development loan fund adopted in the Foreign Assistance Act of 1961 was to expire in 1966, and it was thought that the question of the future authorization for the Alliance should be considered at the same time.

The 5-year authorization for the Alliance for Progress does not constitute an obligation on the part of the United States to make available funds authorized. It is clearly understood by the recipients of U.S. assistance that the money we provide is subject to annual appropriation. The committee regards a 5-year authorization as significant to our partners in the Alliance as an indication of the support of the Congress for the Alliance and that the Congress regards the Alliance as a continuing relationship.

The funds authorized to be made available for loans for development and for grants and loans for technical cooperation to the countries of Latin America provide the means of assisting these nations to develop and to reorganize their social, economic, and political structures.

The importance of the well-being and the stability of the other nations of this hemisphere to the security and the prosperity of the United States is generally recognized, and our foreign policy gives a high priority to promoting these objectives.

In determining the amount of money to be authorized for the Alliance for Progress, the issue is not so much a matter of how much effort the United States should try to make in assisting the nations of Latin America as it is of how much U.S. assistance can be effectively utilized by the recipients and efficiently administered by the United States.

It must be recognized that the Alliance has not yet made satisfactory headway toward the 1971 target of providing 6 years of education for all children, of extending life expectancy by a minimum of 5 years, of attacking the problem of rural backwardness, of carrying out urban and rural housing programs to provide decent homes for all people, of implementing agrarian reform, of assuring fair wages and satisfactory working conditions for all workers, of reforming tax laws to demand more from those who are best able to pay and to punish tax evasion severely, and of finding quick and lasting solutions to the grave problems created by excessive price fluctuations in the basic exports of Latin American countries. Nevertheless, there is evidence that progress is being made.

Seven countries have grown since 1961 at a rate which met or exceeded the annual minimum 2.5 percent per capita Alliance target, and in 1965 nearly every country increased its per capita GNP over the previous year. Export earnings have increased by more than 25 percent for the region and in nine countries the increase was at least 45 percent.

In the field of tax reform, nine countries have adopted legislation for more equitable and modern tax systems. Under the Alliance, total central government revenues in 10 countries increased in real terms by more than 10 percent, and in a few, revenues increased more than 30 percent.

Total exports of the 19 American Republics rose by some \$700 million, or 7.5 percent in 1964. Preliminary figures for 1966 indicate a further increase of about \$500 million to a total of \$10.4 billion.

Trade among the five members of the Central American Common Market has doubled within the past 2 years, and other regional integration efforts in transportation, education, telecommunication, and home financing are underway.

The credit needs of private individuals and corporations have been recognized and are beginning to be met. The United States has authorized loans of more than \$440 million to intermediate credit institutions and cooperatives in 18 nations, and to the Central American Bank for Economic Integration. In six countries there are more than 1,300 credit unions with 358,000 members and savings of more than \$15 million. Through AID assistance to intermediate credit institutions more than 350,000 farmers have received agricultural credit loans. Nineteen development banks have been established. The United States has made loans totaling more than \$170 million in support of these.

In physical terms, well over half the people of Latin America are benefiting from U.S.-assisted Alliance programs, including more than 25 million who are receiving surplus food from the United States and 100 million people who are protected from malaria through U.S.-supported eradication programs. More than 1½ million people are living in Alliance-sponsored homes; a million children are attending school for the first time because of new classrooms; hundreds of thousands of people are receiving medical attention from new hospitals and health centers; and more than 13 million people are benefiting from Alliance-financed water supply and sanitation projects.

It is anticipated that at least \$500 million will be used to provide dollar repayable loans for capital investment programed for 16 countries. Such loans will finance the construction of roads, power systems, educational facilities, savings and loan and other credit institutions, as well as the import from the United States of materials and equipment required by private enterprise.

Authorization is given to use not to exceed \$150 million each fiscal year for technical cooperation grants. Of this, \$49,149,000 has been programed to finance U.S. technicians serving in Latin America and \$10,019,000 to pay the cost of training technicians from Latin America in the United States. Much of this assistance is provided by United States universities under AID-financed contracts. These universities not only send specialists in agriculture, education and engineering to serve in the countries of the Alliance, but also provide training in the

United States to technicians from those countries in order to qualify them to carry forward programs assisted initially by the United States as aid is phased out.

Partners of the Alliance.—The committee has been particularly interested in the Partners of the Alliance, consisting of organizations in 30 of the United States which have entered into partnership arrangements with community groups in several Latin American countries.

The Agency for International Development serves as a central clearing house and a committee in each State coordinates the work of Chambers of Commerce, Rotary and Lions Clubs, high schools, women's clubs, and other civic organizations and community groups.

The Partners of the Alliance have arranged for supplying \$3,129,213 of equipment and services to schools, hospitals, villages, and farmers' organizations.

The extent of the interest of the people of the United States and the range of the impact of these programs in Latin America is indicated by the current list of partnership arrangements:

Alabama-Guatemala	Minnesota-Uruguay
Arizona-El Salvador	Missouri-Para, Brazil
Arkansas-Bolivia	New Jersey-Alagoas, Brazil
California-Mexico	North Carolina-Cochabamba, Bolivia.
Colorado-Minas Gerais, Brazil	Ohio-Parana, Brazil
Connecticut-Paraiba, Brazil	Oklahoma-Tlaxcala-Morelos, Mexico
Delaware-Panama	Oregon-Costa Rica
Florida-Colombia	Pennsylvania-Bahia, Brazil
Idaho-Ecuador	Tennessee-Venezuela
Illinois-São Paulo, Brazil	Texas-Peru
Indiana-Rio Grande do Sul, Brazil	Utah-Bolivia
Iowa-Yucatan Peninsula, Mexico	Vermont-Honduras
Kentucky-Ecuador	Wisconsin-Nicaragua
Maryland-Rio de Janeiro, Brazil	Wyoming-Goias, Brazil
Massachusetts-Antioquia, Colombia.	
Michigan-British Honduras	

Although Partners of the Alliance has been operating only a little more than 2 years, it has already made a significant contribution to the attainment of the fundamental objectives of the Alliance for Progress and deserves the cooperation and encouragement of all U.S. agencies having responsibilities in that area.

Role of free labor unions.—The Congress, in section 601(a) of the Foreign Assistance Act, has declared it to be the policy of the United States to strengthen free labor unions. The labor ministers of the American Republics, meeting recently in Venezuela, have also called for a much greater role for trade unions in the Alliance for Progress, especially in such fields as workers banks, housing, and cooperatives. Despite these national and international statements of intent, the committee has noted that according to the Agency for International Development's annual report to the Congress on the foreign assistance program in fiscal year 1965, only 1.8 percent of worldwide technical cooperation grants went to labor, and in Latin America the labor share of such grants was only 4.6 percent.

It seems clear to the committee that the portion of technical assistance aid going to labor is small in proportion to the role it is generally agreed labor must play in democratic development. Trade unions are often the only major channel by which low income groups can defend their interests, can assure that they are not forced to bear an unfairly heavy share of the costs of growth or of stabilization plans, and can obtain an equitable distribution of the new production which growth creates. Strong, free unions are thus essential to development which promotes justice and pluralism rather than exploitation and statism.

Therefore, the committee recommends that in both the worldwide and the Latin American technical assistance programs, the portion going to soundly conceived and well-prepared labor programs should be encouraged.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

Section 106 of the bill which relates to southeast Asia multilateral and regional programs adds a new title to the act. The purpose is to give emphasis and recognition to the importance of regional planning and activities in the development of that area.

The new section 271 of the Foreign Assistance Act affirms the importance of social and economic progress in achieving U.S. foreign policy objectives of peace and stability in southeast Asia. Further it expresses the sense of Congress that these objectives would be served through an expanded effort by the countries of that area as well as by other interested countries in multilateral and bilateral cooperative programs for the social and economic development of the region.

The new section 272 of the act sets forth criteria which the President shall take into account in providing assistance under this title. These criteria include a consideration of Asian initiatives in development as well as regional economic cooperation and other cooperative endeavors that look toward the solution of problems common to the countries of that area. The President is also required to consider the extent of participation by other donors and the ability of multilateral institutions or other administering authorities to carry out programs under this title.

The new section 273 of the act authorizes the President to utilize any of the funds appropriated for economic assistance (except those for the Alliance for Progress) in order to furnish assistance under the provisions of this title. Such funds may be used on terms and conditions determined by the President, subject to the general authorities and limitations set forth in part III of the act. If the President uses development loan funds for the purposes of this title, the committee expects that he will use such funds in accordance with the provisions of title I governing development loans.

The Executive did not request an appropriation for this title for fiscal year 1967. Its request for an open-ended authorization for an appropriation was denied by the committee.

Among the development programs that were justified to the committee and could be financed under this title for fiscal year 1967 are various technical studies dealing with the development of the Mekong River Basin, studies and research in tropical medicine, the expansion and development of the existing regional Graduate School of Engineering in Bangkok, the Asian Productivity Organization, the Asian Labor

Education Center in Manila, and the SEATO Cholera Research Laboratory. The committee believes that programs of this type, modest in size and manageable in operation, offer the greatest opportunities for effective, efficient, and economical progress toward regional cooperation. Any large-scale regional projects would have to be within the availabilities of current authorizations and appropriations. Programs exceeding those availabilities and involving multiyear projects comparable to the Indus Basin project would require further justification and congressional action.

TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

Section 106 of the bill also amends chapter 2 of part I of the Foreign Assistance Act by inserting a new title IX relating to the utilization of democratic institutions in development.

The language of the new title IX directs that in carrying out programs of U.S. development assistance, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and governmental institutions.

Over the years, in exercising legislative oversight with respect to the administration of the foreign assistance program, the committee has observed that there is a close relationship between popular participation in the process of development, and the effectiveness of this process.

As a consequence, the committee has written a number of provisions into the Foreign Assistance Act and its predecessor statutes, urging that economic and technical assistance be used to stimulate the development of local programs of self-help and mutual cooperation through such measures as loans to small farmers; encouragement of cooperatives, labor unions, and savings and loan-type institutions; utilization of voluntary agencies; and support of integrated programs of community development designed to promote stable and responsible governmental institutions at the local level.

The committee finds that despite these periodic expressions, popular participation in the tasks of development is increasing at a very slow rate. The great potential for planning and implementation of development activities, contained in the mass of the people of the developing countries, is still largely untapped, which slows down the achievement of the objectives of the foreign assistance program. On the contrary, it has become increasingly clear that failure to engage all of the available human resources in the task of development not only acts as a brake on economic growth but also does little to cure the basic causes of social and political instability which pose a constant threat to the gains being achieved on economic fronts.

For these reasons, the committee has proposed the language embodied in the new title IX. This language directs that new attention and emphasis be given in the administration of U.S. development assistance programs to the goal of attaining a larger measure of popular participation in development. This goal can best be achieved through the fostering of cooperatives, labor unions, trade and related associations, community action groups, and other organizations which provide the training ground for leadership and democratic processes; through making possible increased participation of such groups and of individuals in the planning, execution, and evaluation of develop-

ment undertakings; through broader and more effective utilization of the experience and resources of existing private and voluntary organizations; and, generally, through the building of democratic private and public institutions on all levels—local, state, and national.

The achievement of the basic objectives of the new title IX may require: (a) change in the approach of the Agency for International Development and the assignment of higher priorities to the intermediate objectives outlined in the foregoing paragraph; (b) strengthening of the Agency's capability to identify, in cooperation with the governments of aid-receiving countries, the existing and latent democratic forces which can aid in the development process; and (c) increased reliance upon nongovernmental organizations with a demonstrated competence to enlist popular participation in the development process.

The committee plans to keep close check on the manner in which the intent of this new title IX is carried out. The committee expects the Agency for International Development to bear in mind the purposes put forth in this title in preparing specific projects and programs—and to develop, and use in its next presentation to the Congress, meaningful criteria for judging the results of this effort. Such criteria ought to include information about the extent to which the population and key groups of each aid-receiving country are involved in such institutional development. AID's reports should evaluate American assistance not only in economic terms, but also in terms of the extent to which our aid encourages democratic processes.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The amendments to this chapter authorize appropriations for voluntary U.S. contributions to various international organizations and programs for fiscal years 1967 and 1968 and make a number of substantive changes in the law, as follows:

Section 107(a)—Indus Basin loan

Section 107(a) of the bill amends section 301(a) of the act to authorize funds appropriated under this chapter to be used for dollar-repayable loans in connection with the Indus Basin Development Fund administered by the World Bank. These loans would be subject to restrictions on development loan terms contained in section 201(d) of the act.

The act currently authorizes grant contributions of funds made available under chapter 3. During recent years, such grant contributions have been made by the United States to the Indus Basin Development Fund. In 1964, however, in a supplemental agreement pertaining to the funding of the Indus Basin project, the United States agreed to make a \$51.2 million loan to Pakistan to be administered by the World Bank. Although this loan could be funded under the authority of section 201 of the act, the executive branch proposed that both grants and loans for Indus Basin developments be consolidated in chapter 3. The committee believes that this is a sensible proposal and the language of section 107(a) is designed to carry it out.

Section 107(b)—Prohibition on use of voluntary contributions to aid Cuba

This section amends section 301(b) of the act in two respects:

First, it substitutes the term "United Nations Development Program" for "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund." The latter two programs were consolidated recently and the amendment simply reflects this change.

Second, it adds a new sentence which provides that the President shall seek to assure that no contribution to the United Nations Development Program authorized by the Foreign Assistance Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.

The committee has been concerned about the recent approval of a United Nations Development Program project for the University of Havana. The committee has consistently held that U.S. voluntary contributions to the U.N. Development Program should not be used to finance assistance for Cuba while Cuba is governed by the Castro regime. The committee has been told repeatedly that U.S. contributions have not been and will not be used for Special Fund projects in Castro Cuba. Nevertheless, the committee concluded that a formal expression of congressional sentiment on this subject may be helpful to the President in obtaining the desired assurances from the appropriate authorities. The amendment accomplishes this objective.

Section 107(c)—Restriction on contribution to U.N. Relief and Works Agency for Palestine refugees

This section amends section 301(c) of the act in two respects:

First, it provides that U.S. contributions to the U.N. Relief and Works Agency for Palestine refugees shall not exceed \$13.3 million in fiscal year 1967. The reasons for this amendment are outlined below, in the section of the report explaining chapter 3 authorization.

Second, the bill also provides that no further U.S. contributions shall be made to UNRWA except on the condition that the Agency take all possible measures to assure that no part of the U.S. contribution shall be used to furnish assistance to any refugee who is receiving training as a member of the so-called Palestine Liberation Army. The committee is firmly of the opinion that U.S. voluntary contributions should not be used to provide support, either directly or indirectly, to an organization whose avowed goal of promoting aggression is directly in conflict with our efforts to preserve peace and order in the Middle East region.

Section 107(d)—Authorization

This section amends section 302 of the act, which relates to the authorization for international organizations and programs, by creating separate subsections for the existing grant authorization and for the new Indus Basin loan authorization, and in other respects, as follows:

First, the new subsection 302(a) authorizes annual appropriations of \$140,433,000 for each of the fiscal years 1967 and 1968 for voluntary contributions on a grant basis to international organizations and programs.

Second, the new subsection 302(b) authorizes an appropriation of \$51.2 million, in addition to funds available under this or any other act for such purposes, for dollar-repayable loans for the Indus Basin

program. These funds are authorized for use beginning in fiscal year 1968, when it is expected that the World Bank will request the United States to meet its 1964 commitment.

Third, the new subsection 302(c) authorizes an appropriation of \$1 million for a special contribution to the U.N. Children's Fund in fiscal year 1967. This amendment is explained further below.

Fourth, the new subsection 302(d) reenacts the last sentence of section 302 of the act which prohibits use of funds authorized under chapter 3 for contributions to international organizations or foreign governments to pay the costs of developing or operating Peace Corps-type programs of volunteer manpower.

The proposed fiscal year 1967 authorization of \$140.4 million, together with a \$4.1 million carryover of fiscal year 1966 funds will finance a \$144.5 million program during the coming year. The anticipated breakdown of these expenditures is as follows:

U.N. Development Program.—By action of the U.N. General Assembly last fall, the expanded program of technical assistance, initiated in 1950, and the Special Fund, established in 1959, were consolidated into the U.N. Development Program with a single top management and a single governing council. The United States was in the forefront in urging this merger in the interest of greater efficiency in the planning and in the implementation of United Nations technical assistance.

Since their inception, these U.N. technical assistance efforts have been financed with voluntary donations. The United States contributed 60 percent of the funds for their early budgets. In time, as the level of contributions from other U.N. member nations continued to increase, the United States reduced its share to 40 percent, where it has remained to this day.

In the fall of 1965, the U.N. General Assembly set an annual target for contributions to the U.N. Development Program at \$200 million. If the program continues to develop at the rate attained during the past few years, U.S. contributions, tendered on a 40-60 matching basis, will amount to \$70 million in fiscal year 1967.

U.N. Children's Fund.—In cooperation with other agencies in the U.N. family of international organizations, the U.N. Children's Fund (UNICEF) continues to carry out useful work in the fields of disease control, health services, and nutrition. In recent years, the Fund has given increased emphasis to education and vocational training. The United States matches other governmental contributions to this program at the 40-percent ratio.

Last year, in the hope of stimulating support for the U.N. Children's Fund, this committee expressed the view that if the level of contributions from other governments should rise sufficiently, consideration should be given in fiscal 1967 to the possibility of increasing the U.S. pledge which has remained at the \$12 million level for the past several years. Earlier this year, motivated by similar considerations, the United States endorsed the proposal of the Fund's executive director, Mr. Henry Labouisse, that every effort should be exerted to raise the level of annual contributions to the Fund to the \$50 million mark by 1970.

Despite these expressions, the committee is advised that the level of contributions to UNICEF has been rising rather slowly. In order to encourage other countries to increase their financial support of these humanitarian activities, and to commemorate the awarding of the 1966 Nobel Peace Prize to UNICEF, the committee approved the amendment embodied in section 107(c) of the bill, authorizing an appropriation of \$1 million as a special contribution to UNICEF in 1967. This gift is to be made in addition to the normal support which the United States provides to UNICEF from chapter 3 funds, estimated at \$12 million in fiscal year 1967, and is not subject to the 40-60 matching formula applicable to the regular U.S. contribution.

World food program.—Following an experimental 3-year period, the world food program, supervised jointly by the United Nations and the Food and Agriculture Organization, has embarked on a broader, continuing undertaking for the use of foodstuffs on a multilateral basis to promote economic and social development of the developing countries.

At a session held in January of this year under the auspices of the United Nations and the Food and Agriculture Organization for the purpose of soliciting contributions to this program, the United States pledged, subject to congressional approval, to provide during the second 3-year installment of this undertaking—1966 through 1968—up to \$92 million in agricultural commodities, certain shipping services, and up to \$6 million in cash, primarily for administrative expenses. This pledge was made subject to a further stipulation that the U.S. contribution of commodities may not exceed 50 percent of total commodity contributions to the program, and that the U.S. cash donation may not exceed 40 percent of total cash gifts.

The executive branch anticipates that during fiscal year 1967 \$2 million will be needed for the second annual cash contribution to this undertaking—the same amount that the United States is contributing during fiscal year 1966.

U.N. technical assistance for the Congo.—Through international recruitment and placement of personnel with the necessary skills and language competence, the U.N. technical and operational assistance program for the Congo (Léopoldville) helps meet that country's continuing need for technical advisers and operational experts.

In fiscal year 1967, the executive branch is proposing to contribute \$5 million to the United Nations for this activity, to finance positions in the fields of public finance, economic analysis and coordination; civil aviation and meteorology, public works, telecommunications, police training, and natural resources. The United States is contributing the same amount to this program during the current year.

International Atomic Energy Agency operational program.—The major purpose of this program is to help the less developed countries share in the peaceful uses of the broad spectrum of benefits afforded by atomic science. The program operates through the provision of fellowships for study abroad and of experts and equipment for training in atomic science in the developing countries themselves. Through these activities the Agency also builds experience which should prove useful when the Agency will be given a larger role in assuring proper safeguards of atomic energy installations throughout the world.

Prior to 1965, the United States matched, on a 50-50 basis, the cash contributions to this program. In that year, the United States

reduced its cash pledge to 45 percent of the total amount actually contributed. This development represented a modest response to the repeated urgings of this committee that the various special programs of international agencies be funded within the regular budgets of such organizations. In 1966, the U.S. share of the IAEA operational program was further reduced to 40 percent. For fiscal 1967, the executive branch proposes to pledge 37.5 percent of total cash contributions. The amount required for this purpose is estimated at \$600,000.

In addition, the executive branch proposes to use approximately \$400,000 of chapter 3 funds for fellowships for training in the United States, for the services of U.S. experts, and for small equipment grants. While the committee endorses the general objective of these latter activities, it believes that they should not duplicate the fellowship program conducted by the Department of State under the Fulbright-Hays Act and similar programs of other U.S. Government agencies.

U.N. Relief and Works Agency for Palestine refugees.—The U.N. Relief and Works Agency provides basic health and education services for more than one million Palestine refugees on its rolls. It also provides a minimum food ration for 873,000 of the refugees. While some of the refugees, utilizing skills obtained through the UNRWA educational program, have been able to find employment and become at least partially self-supporting, the basic problem remains unsolved because the parties concerned have been unable to agree on a program to implement the U.N. resolution of 1948 which states that the refugees should be repatriated or compensated for lost properties.

This committee believes that greater effort must be exerted to reduce the relief rolls of Palestine refugees, and to promote the absorption of these people into the normal economic life of the Near East region. To this end, the committee last year proposed an amendment limiting chapter 3 contributions to UNRWA in fiscal year 1966 to \$15.2 million—or 5 percent less than the amount programed by the executive branch. At that time, the committee also expressed the opinion that “further gradual reductions should be made in U.S. contributions to this activity in the coming years, with a view to complete termination, as promptly as feasible, of U.S. assistance for this program.” To carry out that intent, the committee this year adopted the amendment embodied in section 107(c) of the bill, limiting chapter 3 contributions to UNRWA in fiscal 1967 to \$13.3 million. This amount is 5 percent less than the amount programed by the executive branch for fiscal year 1967.

International Secretariat for Volunteer Service.—Through the exchange of information and the provision of technical assistance, the International Secretariat for Volunteer Service (ISVS) encourages the establishment of volunteer service programs comparable to the U.S. Peace Corps for service abroad, and to VISTA for domestic service. Since 1963 ISVS has helped 24 countries to set up such programs. Last year about 7,000 volunteers were enrolled in these programs.

The operations of the International Secretariat are funded in two ways: through cash contributions and through the seconding—or loan—of qualified personnel. U.S. contributions, tendered on a 28–72 matching basis, amounted to approximately \$30,000 in fiscal year 1965

and \$50,000 in fiscal year 1966. For fiscal 1967 \$65,000 is proposed for this activity. As in the past, U.S. contribution to ISVS will continue to be subject to the requirement that it may not be used to pay the costs of developing or operating any national or international peace corps. In addition, during the past year, the United States and six other countries provided the International Secretariat with personnel assistance. The United States plans to reduce this type of assistance as the International Secretariat becomes able to devote a larger portion of its resources to paying personnel costs.

U.N. Emergency Force in the Middle East (UNEF).—Since 1956, the U.N. Emergency Force has been stationed on the armistice line and international frontier between Israel and the United Arab Republic, helping to maintain order and peace in the Middle East. As a result of U.S. initiative, the size and costs of the Force were restudied in late 1965, leading to a \$4 million reduction in its budget during 1966. The costs of the Force are apportioned annually by the U.N. General Assembly on the basis of a negotiated formula which allocates proportionately higher amounts to the richer countries than to the poorer ones. For calendar year 1966, the U.S. share of the costs of UNEF is \$6.8 million. This amount is included in the total chapter 3 authorization for voluntary contributions to international organizations and programs.

U.N. Institute for Training and Research.—This new organ of the United Nations, established in March 1965, is designed to train personnel from the developing nations for service with the U.N. or with their own national governments; to provide advanced training for personnel of the U.N. and the specialized agencies; and to undertake research and operations analysis on special problems arising in the work of the United Nations, its specialized agencies, and special voluntary programs. In fiscal year 1966, the United States is contributing \$300,000 to the regular budget of the Institute, and \$100,000 for fellowships established in memory of Ambassador Adlai E. Stevenson. For fiscal year 1967, \$400,000 is planned for a contribution to the regular budget, subject to the limitation that the U.S. contributions may not exceed 40 percent of total governmental contributions, and \$100,000 for the Stevenson fellowships program.

Medical Research, World Health Organization.—The recently established International Agency for Research on Cancer is designed to accelerate efforts to control this disease. The Agency came into being pursuant to a resolution of the World Health Assembly in May 1965 and has its headquarters in Lyon, France. In addition to the United States, six other nations are supporting this activity which, at present, centers on research on the epidemiology of cancer. Each of the members agreed to contribute \$150,000 annually for 5 years. Provision for the U.S. contribution has been made in the fiscal year 1967 chapter 3 authorization.

Indus Basin project.—The construction of the Indus Basin project—a 10-year undertaking to divert to India certain waters now used in Pakistan, and to provide for replacement of the diverted waters by a system of dams, reservoirs, and link canals in Pakistan—is approximately 65 percent completed. This project is administered by the World Bank and funded by a consortium consisting of, in addition to the World Bank, Australia, Canada, Germany, New Zealand, the

United Kingdom, the United States, as well as India and Pakistan. The United States has contributed both a loan and grant funds to this undertaking. During fiscal year 1967, the World Bank expects to call for \$33 million in U.S. dollar grant contributions to this project.

The committee was advised that on an overall basis, some 62.5 percent of the estimated foreign exchange costs of contracts under the Indus fund have been let to U.S. firms for construction or consultant activities.

CHAPTER 4—SUPPORTING ASSISTANCE

Section 108—Authorization

Section 108 of the bill amends section 402 of the act, which relates to authorization for supporting assistance, to authorize an appropriation of not to exceed \$200 million for supporting assistance for each of the fiscal years 1967 and 1968, and a separate authorization for supporting assistance for use in Vietnam of not to exceed \$550 million for each of the fiscal years 1967 and 1968.

The authorization and appropriation for supporting assistance for fiscal year 1966 was \$369,200,000, to which was added \$315 million by Public Law 89-374, Supplemental Defense Appropriation Act of 1966, making a total of \$684,200,000.

Supporting assistance is directed toward immediate U.S. foreign policy interests. It is provided primarily to build the defensive strength of less developed nations threatened by Communist expansion and to avert dangerous instability in sensitive areas. It is also provided in a few cases to encourage independence in nations susceptible to Russian or Chinese domination or to assure access to U.S. military bases.

Seventy-seven percent of supporting assistance funds, except funds for Vietnam, are planned for seven key countries, three in the Far East—Korea, Laos, and Thailand—and four elsewhere—Jordan, the Dominican Republic, Bolivia, and the Congo. The balance will be for small programs in several other countries.

Supporting assistance funds are used primarily for the purchase (through normal commercial channels) of raw materials and other essential imports which the recipient country is unable to finance from its own foreign exchange earnings. The private exporter (usually in the United States) provides the commodities and is paid in dollars. The local importer pays full value in local currency to his government, which then uses the funds to finance defense or other programs of mutual benefit to the recipient country and the United States.

Supporting assistance is programed for 13 countries in fiscal 1967. The funds for Vietnam are to be used to finance the following activities: (1) "rural construction" directed toward village development; (2) refugee relief; (3) police training, equipment, and advisory assistance; (4) longer term development; (5) transport and logistics; (6) financing of essential imports sold on the market.

The economic aid financed with supporting assistance funds is essential to the conduct of the war in Vietnam and to the defense of Thailand, Laos, and Korea. It plays a vital role in the implementation of U.S. foreign policy in the other countries to which such assistance is provided.

CHAPTER 5—CONTINGENCY FUND

Section 109—Authorization

Section 109 of the bill amends section 451 of the act to authorize an appropriation of \$150 million for each of the fiscal years 1967 and 1968 for the contingency fund and makes necessary conforming changes.

The Executive has requested an appropriation of \$70 million under this authority.

The appropriation for fiscal 1966 was \$50 million, the full amount requested by the Executive. An additional \$100 million was added to the contingency fund for the fiscal year 1966 in Public Law 89-374, Supplemental Defense Appropriation Act of 1966.

The contingency fund is intended to provide funds to meet either unforeseen developments or situations recognized as requiring U.S. financing but where there is no reasonable basis for estimating the amount of money needed.

During recent years, the Congress has established the policy, to which the Executive has adhered, that the contingency fund shall not be used to finance programs or operations for which funds were denied by the Congress and that funds not required to meet bona fide contingencies should not be obligated for other purposes in order to prevent their lapse at the end of the fiscal year.

As a consequence, the major reasons why the Executive might be inclined to overstate its requirements for the contingency fund have been eliminated, and determination of the amount to be authorized and appropriated is a matter of judgment as to what will be required to meet unforeseen emergencies.

In view of the critical problems confronting the United States in a number of countries and of the possibility that additional appropriations to the contingency fund may be required, the bill authorizes an amount in excess of the current appropriation request so that, if necessary, further appropriations may be made within this limit in less time than would be required if congressional approval had to be obtained for both the authorization and the appropriation.

PART II

CHAPTER 2—MILITARY ASSISTANCE

Section 201(a)—General authorization

Section 201(a) of the bill authorizes an appropriation of \$917 million for military assistance for each of the fiscal years 1967 and 1968.

The authorization does not include funds for military assistance to Vietnam. Such assistance is included in the Defense Department appropriations.

The total authorization and appropriation for military assistance for fiscal 1966 was \$1,170 million. The figure for fiscal 1966, excluding military assistance to Vietnam, comparable to the \$917 million in this bill was \$878 million.

It is estimated that foreign governments will buy with their own money during fiscal 1967 military equipment and services amounting to \$1.47 billion under the authority of the Foreign Assistance Act but not financed with foreign assistance funds.

Although military assistance to 55 countries is programed for fiscal 1967, three-fourths of the funds authorized are scheduled to go to 10

countries, extending from Greece to Korea, which are adjacent to the borders of the Union of Soviet Socialist Republics and Red China. These 10 countries maintain armed forces of almost 2 million men.

Only \$40 million is included for the countries of Western Europe. It will go to four countries where either the United States is phasing out commitments entered into in previous years or is maintaining military bases. No military assistance is provided for France, the United Kingdom, Germany, or Italy.

Twenty countries are to receive less than \$1 million of military aid each during fiscal 1967 to train or equip forces to combat infiltration and subversion. Twelve countries receive training assistance only.

U.S. defense strategy is dependent on the forces of the countries which are scheduled to receive U.S. military assistance during fiscal 1967, as stated by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff in their testimony before the committee (hearings, p. 277):

Secretary McNAMARA. I have said to this committee before, and I would repeat it now, that there are no other dollars in the \$60 billion Defense program for fiscal year 1967 which contribute as much in my opinion to the security of this nation as these particular MAP dollars.

I hope it won't be necessary for the Congress to reduce the total Defense program of some \$60 billion; but if it is necessary to do so for reasons that the Congress believes right and proper, the reduction should be taken out of the other \$59 billion and not out of this \$917 million, in my opinion. I think that opinion is more than shared by the Joint Chiefs.

General WHEELER. I agree with the point expressed by the Secretary, Mr. Chairman.

Section 201(b)—Transfer of reimbursements to separate fund account

Section 201(b) of the bill amends section 508 of the act, which relates to the special fund account for financing sales, by making two changes in the bookkeeping for the account. Under existing law, when new obligational authority—as distinguished from money already in the account—is obligated to finance a sale, the unliquidated balances of the funds so obligated cannot be shown in the President's budget as an asset of the account. Instead, they are combined with unliquidated grant-aid balances and the fact that these unliquidated obligations relate to sales rather than grants is not shown in the President's budget.

The first of the two changes made by this section of the bill provides for transfer to the special fund account of the unliquidated balances of new obligational authority heretofore obligated for financing sales and guarantees. To conform with this change, the amendment also provides for the transfer into the account of subsequent new obligational authority. As a result of these bookkeeping changes, it will be legally possible for the President's budget to show fully in one account the foreign military sales program proposed to be carried out during the budget year and the complete status of the account.

Section 201(c)—Special authority

Section 201(c) of the bill amends section 510(a) of the act—special authority—by renewing for each of the fiscal years 1967 and 1968

the authority of the President, when he determines it to be vital to the security of the United States, to order defense articles from Department of Defense stocks and defense services to carry out activities under part II of the act, subject to subsequent reimbursement therefor from military assistance funds. As in prior years, this authority is limited to \$300 million for each fiscal year, and prompt notice of action taken under this section is required to be given to the Congress.

Section 201(d)—Restrictions on military aid to Africa

Section 201(d) of the bill renews indefinitely the \$25 million ceiling in section 512 of the act on the value of grant programs of defense articles for African countries which previously had been renewed on a year-to-year basis.

Section 201(e)—Administration of sales and exchange programs involving defense articles and services

Section 201(e) of the bill adds a new section to chapter 2 of part II of the act providing that—

programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

As the financial condition of countries receiving military assistance improves, it should be possible for the United States to reduce its grant aid to such countries. It is better for nations which require military equipment to buy it than to have their armed forces permanently dependent on military assistance grants from the United States.

It must be recognized that the United States can have only a limited influence on what any government does with its own money. Nevertheless, the United States should consider the impact of sales of military equipment on the purchasing country and should approve such sales only when they contribute to the attainment of our overall foreign policy objectives.

It is important that less developed countries not be encouraged to divert their limited resources from programs of economic and social development to building military establishments larger than are necessary to maintain internal security and defend against border incursions.

Governments should not, because of a preoccupation with national rivalries or with whatever prestige may be associated with the possession of advanced weapons, permit the diversion of resources essential to economic and social development.

In order to minimize the need for large national military establishments the United States should use all possible means to encourage governments to enter into regional arms control and disarmament agreements. The committee will request information as to the specific steps taken by the United States to implement this amendment.

When arms sales are necessary, it is essential that these sales not be placed on an ordinary merchandising basis and that their unique character and potential for harm be kept in mind in any Executive decisions on this subject.

NATO INFRASTRUCTURE

The authorization for military assistance includes funds programed for the U.S. share of the NATO infrastructure during fiscal 1967. The NATO infrastructure consists of a variety of military facilities, including airfields, signal projects, radar and missile sites jointly financed by the NATO countries for the common use of NATO forces.

So far, \$3,542,861,000 has been spent for such construction, of which the U.S. share has been \$1,075,247,000.

Much of this construction has been located in France.

The committee recognizes that as a result of the attitude of President de Gaulle a considerable relocation of NATO facilities is required and believes that U.S. security requires that necessary action be taken promptly. For that reason, no limitation on the authorization for the use of military assistance funds to finance the NATO infrastructure has been included in the bill.

It should be pointed out, however, that the infrastructure program is subject to NATO control and consequently may not be responsive to action by the United States. The committee is opposed to any further expenditure of U.S. funds in France or for projects which depend on the participation of France to be effective.

NEED FOR REPLACEMENT OF BASIC EQUIPMENT AND EXPEDITING
MODERNIZATION

Much of the basic equipment (including tanks, trucks, and weapons) of the forces of the 10 countries located on the periphery of the Communist-dominated areas was supplied by the United States a decade or more ago, and has either worn out or is being kept in service with a considerable sacrifice of efficiency and force effectiveness.

There is a continuing pressure from the recipient governments and from our own officers concerned with defense strategy to give priority to sending military equipment to crisis areas and to make available up-to-date planes, missiles, and electronic equipment.

As a consequence, there has been a tendency to assign a lower priority to the replacement of the basic equipment essential to the effective operation of military units. The committee is concerned with this problem and urges the Defense Department not to hesitate to make adequate provision for such equipment in its programs and the Congress to recognize the need for meeting this requirement.

The situation of the Republic of China deserves particular consideration. The United States has terminated economic aid to China because the economy of the country has developed to the point where such assistance is no longer required. It would not be in the best interest of the United States if in the immediate future the favorable economic situation there were regarded as justification for curtailing military assistance to the Republic of China. If the United States makes less military assistance available, the Government of the Republic of China will in all probability give priority to spending its own money for advanced weapons systems rather than basic supporting equipment.

PART III

CHAPTER 1—GENERAL PROVISIONS

Section 301(a)(1)—Nongovernmental participation in the development process

Section 301(a)(1) of the bill amends section 601(b) of the act, which relates to the encouragement of free enterprise and private participation, by directing the President to establish an effective system to achieve the following goals:

First, to obtain adequate information regarding the activities of, and opportunities for, nongovernmental participation in the development process; and

Second, to utilize such information in the planning, direction, and execution of U.S. foreign assistance programs, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental U.S. institutions.

For a number of years, the committee has been impressed by the contribution of private American institutions—voluntary organizations, various citizens' groups, academic institutions, and private business firms—to the achievement of the objectives being pursued through the U.S. foreign assistance program: the social, economic, and political development of the less developed countries of the free world.

A study undertaken by this committee (see "Overseas Programs of Private Nonprofit American Organizations", House Report 368, 89th Cong., 1st sess., 1965) indicated that one segment of this private activity accounts for overseas operational programs and projects which cost in excess of \$500 million annually and bring extensive benefits to the people of the developing countries.

This committee has felt that greater notice should be taken by the executive branch of the full range of these nongovernmental activities, and that knowledge of such undertakings, and the experience of private institutions carrying them out, should be utilized in the programming of U.S. foreign assistance so as to avoid duplication of effort and maximize the return on each and every dollar spent under this act.

Although the Agency for International Development has made an encouraging beginning in collecting and utilizing information about nongovernmental activities relating to the development process, it is apparent that this effort has not been commensurate with the magnitude and the rich variety of such private undertakings.

The amendment embodied in section 301(a) is designed to provide the executive branch with the necessary authority—and a congressional mandate—to establish an effective system for the collection, storage, and dissemination of information regarding the activities of, and opportunities for, nongovernmental participation in the task of helping the aid-receiving countries to move ahead with the complex task of economic and social development, and for bringing such information to bear on the formulation and implementation of the U.S. foreign assistance program.

Section 301(a)(3)—International Private Investment Advisory Council

Section 301(a)(3) of the bill amends subsection (c) of section 601 of the act to provide for establishing an International Private Investment Advisory Council composed of leading American business

specialists to make recommendations to the administrator of the foreign assistance program with respect to particular aspects of programs and activities where private enterprise can make a contribution and to serve as liaison for the administrator with specific private enterprises which may be interested or involved in the foreign assistance program.

Members of the Council are to serve without compensation but are authorized to receive reimbursement for travel and per diem in accordance with Government regulations.

The expenses of the Council are to be paid from funds otherwise available under the act. No additional funds are authorized.

The purpose of the amendment is to assure that the foreign aid program makes use of the services of American business leaders.

The committee desires to avoid duplication and proliferation of advisory committees. The work of the Private Sector Subcommittee of the President's Advisory Committee on Foreign Aid (Perkins Committee) established under the authority of section 261 of the act is recognized. It is the expectation of the committee that the authority contained in this section will be used to strengthen and expand what is underway rather than to supersede or parallel existing activities.

Section 301(b)—Advance acquisition of property

Section 301(b) of the bill amends section 608(a) of the act, which relates to advance acquisition of property, to permit personnel costs directly attributable to the excess property program authorized by section 608(a) to be charged to the excess property revolving fund.

Under the authority of section 608(a) a revolving fund was established from which expenditures might be made, in advance of known program needs, for acquiring U.S. Government excess property.

Section 608(a) now permits the fund to be charged with accessorial costs (costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and other related costs) of excess property. When such property is transferred to carry out authorized programs, the fund is reimbursed from the appropriate account. Reimbursement is in the form of an average service charge to cover the above accessorial costs. However, personnel costs which are directly attributable to the excess property program are not now charged to the fund. This amendment will put the fund on a more businesslike basis by permitting the fund to reflect more accurately all costs directly attributable to the excess property program.

Section 301(c)—Transfer between accounts

Section 301(c) of the bill amends section 610(b) of the act which relates to transfer between accounts. The latter section prohibits the transfer of funds made available under the act for use to pay administrative expenses. The Supplemental Foreign Assistance Authorization Act, fiscal year 1966, approved March 18, 1966 (Public Law 89-371), made an exception to this prohibition for fiscal year 1966 by permitting the transfer of not more than \$1.4 million from section 402 of the act (supporting assistance) for use to pay administrative expenses incurred in connection with expanded programs in Vietnam. Such transfer may only be made subject to a Presidential determination.

The new language continues this exception for future fiscal years on the same basis except that the dollar limitation on the aggregate

amount of dollars that may be transferred for each such year is limited to \$5 million. The committee does not expect the administration to use this authority until it has spent sums included in the regular administrative expense account for Vietnam.

Section 301(d)—Special authorities

Section 301(d) of the bill amends section 614(a) of the act, which relates to special authorities, by exempting any country which is a victim of active Communist or Communist-supported aggression from the requirement that not more than \$50 million of the funds available under section 614(a) may be allocated to any one country in any fiscal year.

Section 301(e)(1)—Prohibition of assistance to countries officially participating in international conferences planning subversion

Section 301(e)(1) of the bill amends section 620(i) of the act which relates to the prohibition against furnishing assistance to countries engaged in preparing for military efforts against the United States, or any country receiving assistance under this or any other act, to prohibit assistance to countries officially participating in international conferences called to plan activities involving insurrection or subversion against the United States or against countries receiving U.S. assistance. The Tri-Continent Conference held in Havana in January 1966, was attended by government officials from a number of countries to which the United States furnishes assistance.

Governments receiving U.S. aid should not devote their energies and resources to the harassment of other countries. It should be clearly understood by the recipients of our aid that they cannot permit their officials to participate in such activities and continue to receive assistance from the United States.

Section 301(e)(2)—Denying assistance to countries not entering into investment guaranty agreements

Section 301(e)(2) of the bill amends section 620(l) of the act by substituting for the existing mandatory prohibition against furnishing assistance a requirement that the President consider denying assistance to less developed countries which fail to agree by December 31, 1966, to institute a specific risk guaranty program.

The United States now has investment guaranty agreements with 71 less developed countries and areas. Although negotiations are underway to institute these programs in other countries, it is unlikely that agreement will be reached with all aid-recipient countries by the December 31, 1966, deadline. There are some aid-recipient countries where both expropriation and convertibility coverages are currently not available, and where the internal political situation makes it doubtful that agreement will be reached to institute the program by that date.

Important U.S. interests may nevertheless require that all assistance under the act not be terminated in every country with which investment guaranty agreements have not been concluded. This amendment will permit the President to weigh overall U.S. foreign policy objectives in deciding whether assistance to any such country should be terminated.

Section 301(e)(3).—Prohibition of assistance to countries permitting ships to visit North Vietnam

Section 301(e)(3) of the bill amends section 620(n) of the act, which relates to a prohibition against furnishing assistance to certain countries, to forbid furnishing assistance to any country which has failed to take appropriate steps to prevent ships or aircraft under its registry from transporting equipment, materials, or commodities to or from North Vietnam.

Top priority should be given in the conduct of U.S. foreign policy to bringing the war in Vietnam to a satisfactory conclusion.

The Committee on Foreign Affairs is convinced that the Congress and the people of the United States desire that the full impact of our foreign aid program be brought to bear wherever and whenever such action will contribute to the attainment of this objective.

It is the purpose of this amendment that foreign aid shall not be provided to nations permitting their ships or aircraft to trade with North Vietnam. Under its terms, governments are required to choose whether to prohibit such traffic or forego U.S. assistance.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

Section 302(a).—Submission of reports to Inspector General, Foreign Assistance

Section 302(a) of the bill amends section 624(d) of the Act which relates to the Inspector General, Foreign Assistance, by specifying that at his discretion the Inspector General, Foreign Assistance, may notify the head of any agency responsible for administering programs over which the Inspector General has responsibility (including the AID, food for peace, Peace Corps, and military assistance) that all internal audit, end use inspection, and management inspection reports submitted to the head of such agency or mission in the field shall be submitted simultaneously to the Inspector General, Foreign Assistance.

The purpose of the amendment is to secure a more effective control over the utilization of the U.S. aid. There has been too much evidence that the facts reported by auditors and end use inspectors concerning the mishandling and misuse of U.S. assistance have been pigeonholed by local officials who have been more interested in protecting themselves than in straightening out unsatisfactory situations.

The Inspector General has access to the Secretary of State and the other top officials in charge of the administration of foreign assistance and other related programs, and it is intended that he be responsible for bringing to the attention of the appropriate people situations found by the auditors and inspectors which require corrective action that has not been taken.

Section 302(b).—General authorities

This section amends section 635(h) of the act which relates to general authorities. This is a technical amendment that specifically excludes development loans under the Alliance for Progress from the provision that contracts or agreements which entail commitments for the expenditure of funds may not extend for more than 5 years. When this section was originally enacted, it applied only to technical assistance, not to development loans. When title VI of the act, Alliance for Progress, was enacted in 1962, section 635(h) was amended to

include the Alliance title among those to which the provision applies. No distinction was made between Alliance grant programs and Alliance development lending operations. This amendment corrects that oversight and puts Alliance loans on the same basis as loans made under the development loan fund.

Section 302(c)—Administrative expenses

This section amends section 637(a) of the act which relates to administrative expenses of AID. The new language authorizes an appropriation of \$57,387,000 for each of fiscal years 1967 and 1968. It is estimated that an additional \$750,000 will be available for fiscal year 1967 as a carryover from previous years, giving AID an availability of \$58,137,000.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

AN ACT To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1961".

PART 1

CHAPTER 1—POLICY

* * * * *

SEC. 102. STATEMENT OF POLICY.—* * *

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It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act. *It is further the sense of the Congress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.*

* * * * *

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof, *and to provide adequate compensation for such damage or destruction.*

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the “Development Loan Fund” to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. *In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.* Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

* * * * *

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title [\$1,200,000,000 for the fiscal year 1962, \$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years] *\$1,000,000,000 for each of the fiscal years 1967 through 1971*, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addi-

tion to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending [June 30, 1965, and June 30, 1966] *June 30, 1967, through June 30, 1971*, respectively, shall be available for loans made to encourage economic development through private enterprise.

* * * * *

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

(d) *Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.*

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for [use beginning in the fiscal year 1966 to carry out the purposes of section 211 not to exceed \$210,000,000 which shall remain available until expended.] *each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed \$231,310,000. Amounts appropriated under this section are authorized to remain available until expended.*

* * * * *

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to furnish assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish assistance, on such terms and conditions as he may specify, [to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research] *to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens.*

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for [the fiscal year 1966, \$7,000,000, to remain available until expended.] *each of the fiscal years 1967 and 1968 not to exceed \$10,989,000. Amounts appropriated under this subsection are authorized to remain available until expended.*

(d) *There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States.*

* * * * *

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to eligible United States investors—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings

or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed **[\$5,000,000,000]** \$8,000,000,000, and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed **[\$300,000,000]** \$375,000,000; and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the **[Federal Housing Administration]** *Department of Housing and Urban Development*, shall not exceed **[\$175,000,000]** \$215,000,000: *Provided further*, That this authority shall continue until June 30, **[1967]** 1970.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus earnings or profits actually accrued on said investment to the extent provided by such guaranty, nor shall any guaranty of an equity investment extend beyond **[twenty]** *thirty* years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under sections 221(b) and 224 is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under sections 221(b) and 224, under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3)

of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties, and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f).

(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part.

(f) There is hereby authorized to be appropriated to the President such amount, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States.

(h) *In the case of any loan investment for housing guaranteed under section 221(b)(2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department.*

* * * * *

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the [Federal Housing Administration] *Department of Housing and Urban Development* and suitable for conditions in Latin America;

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed **[\$400,000,000]** *\$500,000,000: Provided, That \$350,000,000 be used for the purposes of section 224(b)(1): Provided, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That this authority shall continue until June 30, [1967] 1970.*

* * * * *

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms (including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest, and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. *In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.* The provisions of sections 201(d), 202(b), 202(c) and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

* * * * *

SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for [use beginning in each of the fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000, which sums are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each of the fiscal years 1963 and 1964 and \$85,000,000 in fiscal year 1965 and \$75,000,000 in fiscal year 1966] *each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year of the funds appropriated pursuant to this section for use beginning in each such fiscal year, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years [1964 through 1966] 1968 through 1971 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year. In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending [June 30, 1965 and June 30, 1966] June 30, 1967, through June 30, 1971, respectively, shall be available for loans made to encourage economic development through private enterprise.*

* * * * *

TITLE VII—EVALUATION OF PROGRAMS

SEC. 261. The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

SEC. 271. GENERAL PROVISIONS.—*The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.*

SEC. 272. SPECIAL PROVISIONS.—*In providing assistance to further the purposes of this title the President shall take into account—*

- (1) initiatives in the field of social and economic development by Asian peoples and institutions;*
- (2) regional economic cooperation and integration in southeast Asia;*
- (3) the extent of participation by other potential donor countries;*
- (4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and*

(5) *the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.*

SEC. 273. *AUTHORIZATION.—The President is authorized to utilize funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.*

TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

SEC. 281. *In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.*

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. *GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations, and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d), on such terms and conditions as he may determine, in order to further the purposes of this part.*

(b) *Contributions to the [United Nations Expanded Program of Technical Assistance and the United Nations Special Fund] United Nations Development Program for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year. The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.*

(c) *In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls. [Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000.] Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving training as a member of the so-called Palestine Liberation Organization.*

[SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1966 to carry out the purposes of this chapter not to exceed \$144,755,000. None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.]

SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for each of the fiscal years 1967 and 1968 not to exceed \$140,433,000.

(b) There is authorized to be appropriated to the President for loans for Indus Basin Development to carry out the purposes of this chapter, in addition to funds available under this or any other Act for such purposes, for use beginning in the fiscal year 1968, \$51,220,000.

(c) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967. Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

(d) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.

* * * * *

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

[SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President, without regard to section 649, for use beginning in the fiscal year 1966 to carry out the purposes of this chapter not to exceed \$684,200,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this chapter, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.]

SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for each of the fiscal years 1967 and 1968 not to exceed \$200,000,000. In addition, there is authorized to be appropriated to the President for use in Vietnam in each of the fiscal years 1967 and 1968 to carry out the purposes of this

chapter not to exceed \$550,000,000. Amounts appropriated under this section are authorized to remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for [the fiscal year 1966] *each of the fiscal years 1967 and 1968* not to exceed \$150,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest. No part of the funds appropriated under the preceding sentence after January 1, 1966, for the fiscal year 1966, shall be used to provide assistance to any country which permits any ship or aircraft under its registry to transport any equipment, materials, or commodities to or from North Vietnam unless the President determines that the withholding of such assistance would be contrary to the national interest of the United States and reports such determination to the Congress. [In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act.]

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under [the first sentence of] subsection (a).

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PART II

CHAPTER 1—POLICY

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CHAPTER 2—MILITARY ASSISTANCE

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SEC. 504. AUTHORIZATION.—[(a) There is hereby authorized to be appropriated to the President for use beginning in fiscal year 1966 to carry out the purposes of this part, not to exceed \$1,170,000,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this part, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.] (a) *In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$917,000,000 for each of the fiscal years 1967 and 1968. Amounts appropriated under this subsection are authorized to remain available until expended.*

* * * * *

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part have been or are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected shall be credited to a separate fund account and shall be available until expended solely for the purpose of financing sales and guaranties, including the overhead costs thereof, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part. *Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guaranties) as may be determined by the President shall be transferred to, and merged with, the separate fund account.*

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SEC. 510. SPECIAL AUTHORITY.—(a) During [the fiscal year 1966] *each of the fiscal years 1967 and 1968*, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in [the fiscal year 1966] *each fiscal year* shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

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SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for civic action requirements, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in [fiscal year 1966] *each fiscal year*, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000.

SEC. 513. CERTIFICATION OF RECIPIENT'S CAPABILITY.—(a) Except as provided in subsection (b) of this section, no defense article having a value in excess of \$100,000 shall hereafter be furnished to any country or international organization under the authority of this Act (except under the authority of section 507) unless the chief of the appropriate military assistance advisory group representing the United States with respect to defense articles used by such country or international organization or the head of any other group representing the United States with respect to defense articles used by such country or international organization has certified in writing within six months prior to delivery that the country or international organization has the capability to utilize effectively such article in carrying out the purposes of this part.

(b) Defense articles included in approved military assistance programs may be furnished to any country or international organization for which the certification required by subsection (a) of this section cannot be made when determined necessary and specifically approved in advance by the Secretary of State (or, upon appropriate delegation of authority by an Under Secretary or Assistant Secretary of State) and the Secretary of Defense (or, upon appropriate delegation of authority by the Deputy Secretary or an Assistant Secretary of Defense). The Secretary of State, or his delegate, shall make a complete report to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each such determination and approval and the reasons therefor.

SEC. 514. ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less developed friendly countries and areas;

(2) *establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;*

【(2)】 (3) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

【(3)】 (4) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty;

【(4)】 (5) to the maximum extent practicable carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons;

【(5)】 (6) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

【(6)】 (7) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering).

【(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee.

【(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

【(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

【(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than June 30, 1965, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

[(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act.]

(c)(1) *There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such members of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Board shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.*

(2) *It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.*

(3) *The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.*

(4) *The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act.*

* * * * *

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitations, \$5,000,000 of funds made available under section 212, which may be used to pay costs (*including personnel costs*) of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

* * * * *

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that

the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. [Not to exceed \$1,400,000 of the funds appropriated under section 402 of this Act after January 1, 1966, for the fiscal year 1966, may be transferred to and consolidated with appropriations made under section 637(a) of this Act for such fiscal year, subject to the limitations of subsection (a) of this section and subject to the further limitation that funds so transferred shall be available solely for administrative expenses incurred in connection with programs in the Republic of Vietnam.] *Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year for use in Vietnam may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.*

* * * * *

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year. *The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression.*

* * * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.— * * *

* * * * *

(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or is participating officially in any international conference to plan activities involving insurrection or subversion, directed against—

- (1) the United States,
- (2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased, *or such participation has ceased*, and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, *or that such participation will not be renewed or repeated*. This restriction may not be waived pursuant to any authority contained in this Act.

* * * * *

[(1) No assistance shall be provided under this Act after December 31, 1966, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).]

(1) *The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).*

* * * * *

(n) In view of the aggression of North Vietnam, [the President shall consider denying assistance] *no assistance shall be furnished* under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

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CHAPTER 2—ADMINISTRATIVE PROVISIONS

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SEC. 624. STATUTORY OFFICERS.—

* * * * *

(d) (1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, who shall be appointed by the President by and with the advice and consent of the Senate, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted by the United States Government agencies under the Latin American Development Act, as amended, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act, and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or II of this Act, and the Latin American Development Act, as amended, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or II of this Act, and the Latin American Development Act, as amended, and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assist-

ance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

(8) *Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph.*

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SEC. 635. GENERAL AUTHORITIES.—* * *

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(h) A contract or agreement which entails commitments for the expenditure of funds available under titles II, V, and VI (*except development loans*) of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

* * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for [the fiscal year 1966] *each of the fiscal years 1967 and 1968* not to exceed [\$54,240,000] \$57,387,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

* * * * *

SUPPLEMENTAL VIEWS

We the undersigned members of the Committee on Foreign Affairs have supported foreign aid in the past, and this year intend to support the bill reported by the committee.

We are, however, strongly opposed to the provisions in H.R. 15750 which authorize a 2-year program. A case can be made for authorizing the Alliance for Progress and the development loan program for a 5-year period, as this is continuing a policy which Congress has already approved. However, the foreign aid program as a whole is so complex and the international situation changes so unpredictably that we feel it important, at this time, that there be an annual examination, by both the Foreign Affairs and Appropriations Committees.

In any case the merits of a multiyear authorization should be discussed not this year but next, at the beginning of a new Congress. No case has yet been made to justify the abdication of responsibility by the Foreign Affairs Committee represented by a 2-year authorization.

FRANCES P. BOLTON.

WILLIAM S. MAILLIARD.

PETER H. B. FRELINGHUYSEN.

WM. BROOMFIELD.

BRAD MORSE.

SEPARATE VIEWS

I am strongly opposed to the proposed 2-year U.S. foreign aid authorization provision. It is my firm belief that a 1-year authorization which coincides with the annual Federal budget, prepared for each Government fiscal year, should be continued.

The U.S. foreign aid program causes a fight and hot dispute in Congress each year. It should. The dangers are great, and the security of the American people is at stake.

The world in these days changes fast, and U.S. foreign policy must be hammered out constantly to meet these serious problems on an immediate basis.

To decide the exact amount needed to be authorized for U.S. foreign affairs programs throughout the world for 2 years, by multiplying the current year's authorization by the simple number of 2, is pure folly. No man, no Federal administration, and no Congress is that smart, and I am sure the world will not stand still to fit into such simple arithmetic calculations. It is pure nonsense to multiply the various authorizations by a doubling process as there are many categories and varieties of aid in many countries. The authorization process then becomes a formality, and the House Foreign Affairs Committee is put on the shelf for 2 years, while the House Appropriations Committee with annual legislation then takes over jurisdiction to set the foreign policy.

Is this basic change of U.S. foreign policy administration good? My answer is definitely "No." I oppose this weakening of the U.S. Congress. This bill will result in a real "heyday" for all bureaucrats. If this procedure of 2-year authorizations is good for such a serious field as foreign policy, why shouldn't the U.S. Congress adopt the same rule for all Federal Government departments, bureaus, and agencies? This would open the gates wide for bureaucracy and effectively remove the control of the U.S. Congress and the American people.

When the 2-year authorization bill is passed for U.S. foreign aid, it becomes an open promise and a red apple, held out to all comers for the next year. It plainly states that U.S. lavish generosity will be continued regardless of the progress of the Vietnam war, inflation, or problems at home. The die will be cast to give U.S. foreign affairs programs precedence over all other programs, war, progress or peace, by this prior commitment of the U.S. Congress. This procedure will be fair notice that the supervision and inspection of U.S. foreign aid policy by the U.S. Congress as an overall policy will be cut down 50 percent. It will also mean that the weight and policymaking power of the bureaucrats is being increased that much in determining U.S. policy abroad.

JAMES G. FULTON.

MINORITY VIEWS

In December 1964, President Nasser of the United Arab Republic told the United States to "jump in the lake" because U.S. Officials expressed irritation over the burning of the U.S. Embassy library in Cairo. *The United Arab Republic has been the recipient of \$1,080,700,000 of economic assistance, most of it since 1960.*

In November 1965, President Nkrumah of Ghana released a book he wrote assailing U.S. policies and attacking all overseas agencies of the American Government. *Nkrumah's regime was the recipient of \$165,500,000 in economic aid since 1960. American aid helped perpetuate, until his downfall, this leader who, at the same time he was accepting our aid, was reported to be setting up a Red Chinese spy network throughout Africa.*

In a speech on March 26, 1964, President Sukarno of Indonesia told our American Ambassador to his face, "To hell with your aid." *Sukarno's government was able to remain in power with the assistance of American aid amounting to \$868,200,000, primarily economic in character.*

Since 1950, we are told that similar insults from foreign leaders have occurred on 134 occasions.

INTRODUCTION

Year after year the American people are told that our aid helps transform emerging backward nations to self-sufficient lives of plenty and freedom. This is doubtful. Uganda, the recipient of nearly \$20 million of American aid, has become a dictatorship in recent weeks.

Year after year the American people are told that our military assistance program provides deterrent strength at a bargain because it costs less to maintain a foreign soldier in the forward defense countries in comparison to what it would cost to pay, feed, and clothe an American soldier.

Year after year, the American people are told that we only have to look at the great successes of the Marshall plan and our NATO alliance to reassure ourselves that foreign aid is a boon to mankind. At the same time that the Department of State was fighting the Communist threat in Europe, it allowed the Chinese Communists to take over in Asia—the principal source of our present problems.

And year after year, the Congress is presented with the same impossible predictions and the same lame excuses for the failures of aid which when it is all added up does little more than inflate foreign currencies and provide a target for Communist manipulators to set up black markets and dealings in contraband. We came to a point where it was suggested that school lunches for our own youngsters be cut down and evidence has been presented that our American boys are short of some of the vital armaments in Vietnam but the great foreign aid program—administered by the most entrenched bureaucracy in our Government—continues unabated.

The record is replete with the vast failures that have been paid for with our billions of dollars in past years. Our Democrat colleague who has traveled in many countries and has examined many aid projects, summed it up well in hearings on the aid bill before the committee on April 5:

Mr. HAYS. Mr. Secretary, I put this question before in reference to a successful project and I have never had an answer. Just tell me one, anywhere in the world outside of Western Europe, that AID has financed, and been a success. I would like to look at it.

Last year we enumerated and documented in detail what are considered to be the major problems afflicting our aid program. We repeat them, simply because they are as pertinent as ever and should continue to be put forth before the American taxpayer because it is our belief, that contrary to the propagandistic and bombastic claims of AID's entrenched bureaucracy, the great majority of the American public have been sold a bill of goods that they don't really believe in.

The drain on the U.S. gold stocks are a direct result of the aid program;

The United States has a total of over a billion dollars in foreign currency, in almost every country of the world, some of which could be used to lessen the strain on our dollars;

The cost of the foreign aid package is greatly in excess of the "barebones" amount requested by the executive branch;

The Congress is increasingly abdicating its responsibility to control the funds requested for foreign aid;

The unexpended balances (pipeline) in the program after June 30 this year will total over \$9 billion—many times the amount actually being authorized this year and accountability is being lost;

There is inadequate review of the expenditures under the foreign aid program;

There seems to be a general lack of concern for congressional intent expressed in some instances in the hearings on foreign aid and sometimes in the law itself;

Some actions being taken under the program may be detrimental to American business interest;

The use of contractual technical and advisory services by AID is being used far to excess;

Civic action projects financed under military assistance are being broadened to include large-scale economic assistance projects, rather than being limited to a grassroots approach which has been its primary virtue in the past;

Economic assistance is not sufficiently reaching the people of the aid-recipient countries; and

The policy of increased East-West trade could very well be detrimental to the peoples of the Communist captive nations.

We are hopeful that the areas of weakness which we are identifying this year might be given some consideration by those charged with the responsibility of administering an aid program priced this year in excess of four thousand million dollars. A major weakness this year is the authorization on a 2-year and longer basis of a program where no definitive plans have even been presented beyond the current fiscal year. We fear that the demise of foreign aid may be years from now. On the other hand, no excuse exists to continue—even

for a day—some of the basic and incredible errors that are being made. It is with the fervent hope that these shortcomings may be remedied that these views are set forth.

THE GOLD PROBLEM

We believe that the continued heavy drain on the U.S. gold reserves is by far the gravest problem besetting the foreign aid program, simply because at the rate gold is being withdrawn from the country, and assuming that gold continues to be the basis for our monetary unit, the dollar will soon be without support. Just as our once valued silver coins will soon become collectors items, having been replaced with an ersatz alloy—so our paper currency will be worth just about the paper its printed on. Last year the U.S. balance of payments deficit was \$1.3 billion. U.S. gold reserves stand at \$13.8 billion and foreign claims against this reserve are about twice this amount. Approximately \$9 billion is required for statutory backing of Federal Reserve notes, our predominantly paper money in circulation today.

The administration is obviously worried about the problem and its answer, to which we take large exception, is to curb American investment abroad. Treasury Secretary Fowler in a speech on May 3, 1966, before the annual meeting of the U.S. Chamber of Commerce in defending the administration's action, warned that increasing investments abroad "could seriously endanger the dollar and touch off a whole series of disastrous consequences." The administration has also tried to improve the U.S. balance of payments position by curtailing the much needed overseas training missions of graduates from our three service academies.

The administration points with pride to the fact that the decrease in U.S. official reserve assets amounted to only \$1.3 billion in 1965, compared with \$2.8 billion in 1964. Nothing is said about the fact that Government grants and capital outflows totaled \$3.4 billion in 1965, down from \$3.6 billion in 1964.

Moreover, the flow of U.S. funds for investment abroad has been beneficial not only to the companies involved, but also, over the long run, to the Nation's balance of international payments. The United States annually earns foreign exchange from repatriated profits, dividends, and royalties of U.S. firms operating abroad far in excess of the annual outflow of funds for direct investment. If this simple economic paradox is forgotten, and the administration's restraints are continued for too long, they may kill the goose that laid the golden eggs.

In testimony on May 5, 1966, before the House Foreign Affairs Committee on the Foreign Assistance Act of 1966, a distinguished economist, Dr. N. R. Danielian, president of the International Economic Policy Association, made the following points:

1. The substitution of credit sales for former cash sales through program loans [which are planned for increase in fiscal year 1967] is continuing to have an adverse effect upon the U.S. balance of payments substantially beyond the figures published by AID. It is a fact that the United States in most recent years has been experiencing deficits in its recorded transactions with South America, Africa, Asia, including Japan, and international institutions. The countries of Western Europe have been earning surpluses, not in their trade and financial dealings directly with the United States, but from their

trade and investment income in Asia, South America, and Africa. These are the areas where the United States is spending the largest amounts for foreign aid.

2. AID regulations provide that commodities provided under the foreign assistance program be purchased in the United States. In Latin America, the substitution effect of this "tied" aid appears substantial. Total Latin American imports from all sources were up \$414 million on an average during the years 1961-64, compared with the 1956-60 period. Between these two periods, however, total Latin American imports from the United States were down by an average of almost \$100 million. This occurred (1) in spite of the fact that total U.S. bilateral aid disbursements almost doubled from an average of \$367 million during 1956-60 to an average of \$652 million during 1961-64, on an increasingly "tied" basis; (2) in spite of additional dollar disbursements of \$320 million by the Inter-American Development Bank; and (3) in spite of increased Latin American export earnings in the United States by an average of \$220 million per year in the 1961-64 period over the average for the years 1956-60.

3. The following schedule shows a number of aid-receiving countries where our export surpluses are nowhere near the total of our aid, indicating that these countries are spending some of their dollar resources, including aid, in other countries.

U.S. nonmilitary foreign assistance (net) and trade balances by countries, 1964

[In millions]

Country	Economic aid	U.S. trade balance
Afghanistan.....	\$37	\$6
Bolivia.....	33	17
Brazil.....	212	-148
Cambodia.....	7	-1
Ceylon.....	4	-27
Chile.....	96	-38
Colombia.....	38	-35
Ecuador.....	17	-4
India.....	864	651
Indonesia.....	32	-102
Jordan.....	45	20
Laos.....	39	7
Liberia.....	12	-13
Malaysia.....	2	-82
Morocco.....	38	31
Nepal.....	17	(1)
Pakistan.....	377	336
Philippines.....	49	-27
Tunisia.....	45	31
Turkey.....	126	96
Vietnam.....	221	131
Yemen.....	6	(1)
Total.....	2,317	848

¹ Not available.

4. The channeling of bilateral aid funds to multilateral financial institutions has a very substantial adverse impact upon the U.S. balance of payments of U.S. contributions to these institutions. The United States has contributed 36 percent of the capital of the International Development Association (IDA) but received only 13 percent of the identified procurement under IDA credits through May 31, 1965. The United States has contributed 87 percent of the gold and dollar resources of the Inter-American Development Bank

(IADB). More than 50 percent of U.S. contributions to the IADB adversely affect the balance of payments.

With the necessary increase in dollar expenditures in Vietnam due to war exigencies, a significant part of which will contribute to our balance-of-payment problems, the need to control foreign aid becomes more critical than ever.

AID TO INDIA

During the last decade and a half, United States-Indian relations have been conditioned by the amount of U.S. assistance. Nearly \$7 billion has been made available, about \$3 billion of which went for surplus agriculture commodities, primarily wheat. Where does India stand today—that country for which President Truman declared nearly 20 years ago a forced draft program of aid to double the standard of living within a decade.

The matter is front page news around the world. The Indian people are starving and an international relief is being organized, of which the U.S. share will be 1 bushel of wheat out of every 3 grown by the American farmer. A report¹ of a bipartisan special study mission of the Committee on Foreign Affairs which traveled to India and other countries in the Far East last winter stated that our food aid, while helping to feed India's starving millions, took the burden from India's back and enabled the Government to overlook the basic reforms needed in the agriculture production systems. Only within the last year has the neglect of agriculture techniques and production been recognized and steps taken to expand agriculture production—a *little late*.

One of the problems through the years has been the Government of India's continued hampering of the fertilizer industry because of its attitude on Government control versus private control and ownership. The bipartisan study observed that restrictive business practices still exist—such as high tax rates; limitation and allocation of imports to private industry; preemption of certain areas of the economy for future development by Government enterprises only; requirements of Indian majority control; and diminution of industrial property rights, all of which discourage much-needed private foreign investment. Thus, we have contributed to the decay of the agriculture economy by our unwise policies.

What has it gained for us politically? Let's examine the record. Immediately after the visit of India's Prime Minister to the White House, where a new billion-dollar food program for India was pledged to avert famine in that country, she appeared on television in New York and proceeded to bitterly criticize U.S. policy in Vietnam. Last fall, at the United Nations General Assembly, on the issue of admittance of Red China, where on a very close vote, the U.S. position prevailed, India voted against us. Very recently India, flaunting the U.S. embargo on Cuba, has sold to that country jute for bagging sugar, thus giving assistance to Cuba's staggering economy and helping her continue her violent efforts against the United States.

We are not opposed to aiding India—with conditions. India's starving millions need food. Her Government needs to assess its

¹ H. Rept. 1345, 89th Cong., 2d sess., dated Mar. 23, 1966.

position vis-a-vis U.S. relations. Specifically, any new technical assistance or Public Law 480 programs should be conditioned on India's agreement to both long-range and short-range measures that are considered essential for increased agricultural output, including the expansion of prospects for private enterprise in the agriculture sector.

ALLIANCE FOR PROGRESS—OR FAILURE?

When President Eisenhower returned to the United States following a tour of Latin America, he reported in part, "The Republics of this hemisphere have a special relationship to one another * * * our southern neighbors are important to us economically, politically, culturally, and militarily. Indeed, no other area of this world is of more significance to our own future." Nothing has occurred since to alter that assessment. As a matter of fact, as time passes, the significance of Latin America and the magnitude of the problems besetting this area of the world seem even more formidable.

The United States has poured \$2,734,825,000 into Alliance for Progress programs of bilateral aid since 1961. Counting multilateral assistance through international lending institutions, it is far in excess of that. The present bill authorizes \$850 million for each of 5 more years, starting in fiscal year 1967—a total of \$4,250 million. An effort to cut down this monstrous program to something closer to actual needs (the administration is asking for an appropriation totaling \$543 million in fiscal year 1967) was thwarted in committee. While it was acknowledged that the whole authorization would not likely be needed, any reduction might hurt the feelings of some of our Latin neighbors.

We reject this thesis. It is bad business and it only serves to inflate the program out of proportion. There are signs that the Alliance needs considerable strengthening because needed reforms are not forthcoming sufficiently fast enough to prevent economic stagnation, which in turn breeds political and social chaos. For example, only 7 of the 19 Latin Republics achieved their 1964 goal of increasing per capita income by 2.5 percent; only 9 passed tax reforms; only 12 adopted land reforms; and only 9 instituted savings and loan legislation.

We commend those countries south of our border which have successfully, to date, repulsed Communist subversion. Latin America supported the U.S. position on Red China at the 20th session of the General Assembly last fall. It was the only geographic area of the world that stood almost totally with us.

Still, AID's present handout program is not providing the solution. The New York Times survey of the economy of the Americas, dated January 28, 1966, summarized it well in an article entitled "For Latin America, Progress is Painful." Rather than lack of funds, the difficulty stems from lack of good projects. In the absence of these, the United States makes "program loans" which is simply a device to provide cash for a country to pay for its imports. Separate and apart from the detrimental effect this has on the U.S. balance of payments, it has a damaging effect on the country's economy. There has been considerable criticism from bankers, economists, and Government officials that the debt burden resulting from our aid programs in many

instances is more than the countries can stand and will be a source of trouble in future years.

Dissatisfaction with the administration's handling of the Alliance program arose from another source when last April a panel of international economic experts (the so-called nine wise men) established by the original charter of the Alliance resigned. The group asserted that it had lost its independence and that there was too much dominance of the Alliance by the United States.

To sum up the major problems—

While there has been economic growth in all countries, the population increase has blunted the effect of the economic growth rate.

Private investment, discouraged in some Latin American countries by unwise fiscal and monetary policies is not moving in fast enough and flight of private domestic capital is continuing. The voluntary restraints imposed by the administration on the business community in an attempt to solve our gold problem works against the admitted need for more private investment.

Unstable political and economic institutions remain a fundamental problem.

The bureaucratic processes of AID has caused resentment and scorn on the part of many responsible Latin American officials.

The Organization of American States has yet to become a truly regional collective security organization thereby rendering the OAS ineffective in closing the "collective security gap" in the Western Hemisphere.

The administration of the Alliance is admittedly worsening. This does not seem to be the time, with the problems that beset the Alliance, to lessen congressional review. Yet that is exactly what the Committee on Foreign Affairs has done by authorizing a multibillion-dollar program for 5 years more. Such action is unconscionable.

VIETNAM

We recognize the faltering, indecisive policies of this administration which have contributed immeasurably to the tragic situation existing today in Vietnam. Nevertheless, we have supported the President—far more so than many of his own colleagues in order to give the maximum support to the young men that our Commander-in-Chief has ordered to the battle front.

It is not our intention here to discuss any phase of the war but foreign aid. The gravity of the crisis in Vietnam does not justify a blank check of hundreds of millions of dollars to be spent for economic aid in Vietnam. Rather, it requires especially careful scrutiny of other countries who receive our aid but give comfort and assistance to our enemy in Vietnam.

It makes no sense to continue to furnish millions of dollars of assistance to nations which with one hand are accepting our aid and with the other simultaneously taking it from Communist bloc nations actively engaged in preventing a peaceful solution in Vietnam. It seems highly unlikely, for example, for the United Arab Republic which received \$255 million in credits from Eastern European countries in 1965, or for Guinea, where some 900 technicians from Red China are infesting that country building cultural centers and irrigation works, to support the United States in striving for a peaceful end to the holocaust. AID has argued in the past that assistance to many

countries is justified on the basis that it keeps them from slipping into the Communist orbit, while simultaneously these same countries are receiving considerable aid from the Communist bloc.

Likewise, no possible excuse exists for the United States to furnish assistance in any form to those countries actively assisting North Vietnam by permitting their ships to transport supplies and material into North Vietnamese ports. As the law now stands, the President has discretionary power to deny assistance to any such country—they are still shipping—and we are still furnishing aid, as shown by the following schedule.

Free world flagships in North Vietnamese ports

Country	1965	1st quarter 1966
United Kingdom.....	136	29
Japan.....	37	
Greece.....	28	4
Lebanon.....	9	
Norway.....	29	
Italy.....	1	1
Netherlands.....	5	
Liberia.....	3	
Panama.....	1	
Cyprus.....	3	2
France.....	2	
Malta.....	2	
Total.....	256	36

This year an amendment was adopted to take steps to make it mandatory that no assistance be furnished to any country failing to take steps not later than 60 days after the enactment of the Foreign Assistance Act of 1966 to halt its shipping to North Vietnam.

Unless this amendment is policed, it is unlikely that the Agency for International Development will pay much attention to it.

A provision similar in nature cutting off aid to any country which the President determines is engaged in or preparing for military efforts against the United States or any country receiving assistance under this or any other act has been ignored since it was put into the act in 1963. Since that time, the United Arab Republic has admittedly shipped arms to the rebels in the Congo and taken aggressive action against Israel and Yeman but our assistance has not been suspended.

The present bill gives the President carte blanche authority to spend up to \$335 million of development loan funds—without further authorization or review by the Committee on Foreign Affairs on any program or project in southeast Asia serving regional development purposes. These programs or projects may be funded either solely by the United States, on a multilateral basis or through international lending institutions. A project of the magnitude to which this section relates, e.g., the Mekong River Valley development, where the U.S. share of such assistance exceeds \$100 million, prior legislative approval should be required. Such a provision was contained in the Foreign Assistance Acts of 1963 and 1964, with the objective of affording the legislative branch an opportunity to more fully review and authorize projects with such tremendous costs. In the case of the Mekong River development, we understand that only the broadest of plans presently exist and no price tag has yet been put on the project. The project would not be delayed one whit if the Committee on

Foreign Affairs were empowered to review the program plans, cost estimates, and means of financing for the Mekong River development prior to implementation.

U.N. CONTRIBUTIONS

Last year the United States put \$180 million plus in the United Nations and all its satellite organizations. About one-sixth (\$32.9 million) was for regular U.N. dues. The two other large contributions which make up our total gift are (1) the U.N. Special Fund (\$37.5 million) to which we contribute 40 percent of the total, and the U.N. Relief and Works Agency for Palestine Refugees in the Near East (\$24.7 million) to which we contribute 70 percent of the total.

One of the projects financed from the U.N. Special Fund was assistance to the faculty of technology at the University of Havana approved in January, 1966, in the amount of \$2.1 million. While it may be true that no U.S. dollars go directly into this project, our contributions to the Fund releases other Free World convertible currencies for the project. The argument that we are *not paying* for the project which will teach Cuban soldiers advanced technology to be taught by Cuban military officials is therefore *pure fiction*.

In a case somewhat similar, the United States is paying the major portion of the fund for Arab Refugees (UNRWA)—a part of which is for rations of the Palestine Liberation Organization (PLO), a militant group aimed at bringing down Israel. The UAR and Syria have very recently taken the leadership at the United Nations to resist U.S. efforts to have this group eliminated from the ration rolls.

When U.S. funds go for expenditures such as described, it is no wonder that considerable doubt has risen among the American public as to the value of the United Nations and our continued participation in it.

MILITARY ASSISTANCE

Since World War II, the United States has been paymaster and armorer for half the countries of the world. Cost to Americans has come to \$37 billion. Now, we are being asked to authorize an additional \$917 million for military assistance excluding at least a billion more for paying and supplying the South Vietnamese Army.

In past years, while we called attention to deficiencies and individual cases of waste on the military side of the aid program, we believed that for the most part, military assistance was basically a wise investment. It was a small price to pay for keeping the peace and keeping American boys off foreign battlefields. Events this past year—De Gaulle's highhanded actions in NATO, a near war on the subcontinent of Asia with both adversaries using American weapons—but most of all the almost complete lack of support by our allies in our struggle in Vietnam, compel us to recommend a reevaluation and major revamping of the military assistance program.

France has been far and away the largest recipient of military assistance. Through 1965, France received over \$4 billion in grant aid including \$4.9 million delivered in fiscal year 1965. Now France has turned its back on us in Vietnam, supports Peking's entry into the United Nations and demands the evacuation of Americans and closing of all our bases on French soil.

The United Kingdom which has received over a billion dollars in American aid continues to run her ships into Cuba. British-flag ships are hauling supplies into North Vietnam ports. Britain has 50,000 jungle-trained troops in Malaysia, relatively idle, which could be used in Vietnam. Reportedly, they will never be used because opposition to the Vietnamese war is so intense in Britain that the Labor Government would have a revolt from its own Members if British troops were used in Vietnam.

Over the years, Nationalist China has received over \$2 billion in military aid. Her soldiers are ready and willing to assist us but have not been called upon.

In Latin America, the half a billion dollars we spent on material and equipment, is used in many instances to maintain military dictatorships or help in the overthrow of constitutional governments. Not a soldier has been volunteered for the Vietnamese forces.

Some of the countries which have received American military aid are actively courting the Communists. Cambodia, which is now providing a haven for North Vietnamese forces, and whose army was once equipped and 50 percent subsidized by the United States, is drawing even closer to Peiping.

In Africa, where U.S. military assistance is relatively new and small to date (\$138 million), military coups overthrew seven governments since June 1965: Algeria, Central African Republic, Congo (Léopoldville), Dahomey, Ghana, Nigeria, and Upper Volta. In Europe, two of the largest current recipients of military aid—Greece and Turkey—are at each other's throats over Cyprus with an uneasy truce being maintained by U.N. peacekeeping forces, also largely financed with U.S. funds.

The administration argues that to maintain a foreign soldier in the forward defense countries, it only cost the United States one-eighth the cost of paying, feeding and clothing an American soldier. The point is this: Of what value are these foreign armies, largely equipped with material paid for by the American taxpayer, when American boys almost alone are fighting and dying in Vietnam. Of the 55 nations designated for military aid this year, only one—Korea—has sent troops to Vietnam. The Philippines is presently taking steps to furnish a battalion. Australia and New Zealand, where the United States has no aid programs, have also sent troops.

ABDICATION OF CONGRESSIONAL REVIEW

The foreign aid bills first introduced in the House this session contained innumerable provisions all designed to weaken the traditional control and review processes of the legislative branch over foreign aid legislation. These bills would have authorized funds for 5 years across the board and in a number of instances provided funds without regard to dollar ceiling. A typical provision, revised in committee, would have permitted the administration to spend up to \$550 million for administrative expenses of the Agency for International Development personnel for programs in Vietnam (10 times the amount provided in the bill for the total administrative expenses of the entire agency). Another amendment to section 608(a) buried in the bill authorizes the Agency for International Development to pay personnel costs—without limitation on receipts from excess property sold. A continuing balance of \$5 million is maintained in an account which

under the new proviso is available for personnel hire, travel, entertainment, etc.

Except for the Alliance for Progress and the Development Loan Fund which authorized funds for 5 years, the bill reported out by the committee for the first time since the existence of foreign aid authorizes funds across the board on a 2-year basis—thus denying the Foreign Affairs Committee the one opportunity it has had up to now of annually reviewing this program.

We believe that our colleague, the ranking Democrat member of the committee, fairly summed up the position and the fears of most legislators when he stated in open hearings on the bill before the committee on May 4:

Mr. ZABLOCKI. I have supported this program for 17 years, and if it continues to be a worthwhile one I have plans to continue in the future. But I want to take a new and fresh look at it every year. I am not giving as much as my chairman. I like him very much, and respect him, but I hope his position on a 2-year authorization does not prevail.¹

He made another point, on the same day, in commenting on a statement by a witness that "elimination of annual authorizations will allow more detailed congressional reviews of specific program operations in nonauthorization years * * *," Mr. Zablocki replied:

I question that because if we don't have an authorization request before us, the committee's impact on the program becomes negligible.²

Each year the Congress under pressure by the administration is asked to further relinquish its constitutional prerogative of controlling the Nation's purse strings. The 2-year authorization in the present bill provides just one more opportunity for the executive branch to bypass a committee which in past years has tried not too successfully, perhaps, to keep some sort of a lid on our foreign aid expenditures. We deplore this action.

A "BAREBONES" REQUEST?

In his message to the Congress on February 1, 1966, relative to foreign aid, the President in requesting \$2.469 billion in fiscal year 1967 for economic assistance, observed that this was the absolute minimum to meet presently foreseeable needs, indicating also that a supplemental appropriation would be requested if a need developed.

It seems to us that the "cup runneth over" with funds, to be made available, either bilaterally or multilaterally, in fiscal year 1967, to say nothing of the over \$6.7 billion estimated to be available from prior years' funds for expenditure as of June 30, 1966.

Total identifiable requests for appropriations for foreign assistance for fiscal year 1967 are about \$5.6 billion, as follows:

¹ P. 811, hearings before the Committee on Foreign Affairs on Foreign Assistance Act of 1966.

² P. 801, hearings before the Committee on Foreign Affairs on the Foreign Assistance Act of 1966.

Foreign Assistance Act:	
Economic assistance-----	\$2, 469, 000, 000
Military assistance-----	917, 000, 000
Peace Corps-----	110, 000, 000
Food for peace (Public Law 480)-----	1, 617, 000, 000
Inter-American Development Bank-----	250, 000, 000
International Development Association-----	104, 000, 000
Asian Development Bank-----	120, 000, 000
Total-----	5, 587, 000, 000

These sources of "new money" are supplemented twice over by the "old money" authorized and appropriated but not expended because projects for which the funds were appropriated are lagging, sometimes because of bureaucratic redtape and sometimes because the projects are no good and AID has to find other uses for the money. In any event, these actions result in an extraordinarily large unexpended balance of funds—the so-called pipeline—which when added to fiscal year 1967 fund availabilities from all sources, total \$12.3 billion—just about four times the amount of the "minimal" administration request.

Details are shown in the addendum.

INTEREST RATES ON LOANS

The United States will continue to make foreign assistance "loans" on a 2½-percent, 40-year repayment basis. This is a little appalling, considering the fact that recent legislation (the Sales Participation Act) authorized the sale of securities and mortgages of U.S. Government agencies to the public, and just about a week ago the first offering was sold with a 5½-percent interest rate. While this is not a direct Government loan, it is backed by the full faith and credit of the U.S. Treasury.

While the United States continues to grant these soft terms to foreign countries the Communist bloc countries are presently granting loans on a 10- to 12-year basis at higher rates. In commenting on this, AID states:

* * * the growing indebtedness of aid recipients to Communist countries, particularly to those donors who have insisted on short repayment periods, is becoming a serious problem.

The burden of repayment obligations is beginning to be felt on an increasing scale. The total debt by Communist aid recipients arising out of economic aid actually drawn between 1955 and 1965 is estimated at some \$2 billion. There is evidence that a number of countries have been unable to meet their payment schedules and have had to request some relief from their servicing obligations.

In the end, it will probably be the United States that will provide further relief so as to permit these countries to pay off their Communist benefactors.

CONCLUSION

Foreign aid once thought to be of temporary duration two decades ago under the Marshall plan designed at that time to help the war-torn nations get back on their feet is presently heading toward new

and dizzying heights of lavish expenditures. New programs in education, health, and welfare for the world's population appear to be forerunners of an international Great Society to be financed by the American taxpayer. The war in Vietnam is being used to justify broad-scale economic programs in southeast Asia. While our sons are fighting and dying in Vietnam—at a soldier's pay—AID is flooding its offices there with additional hundreds of civilian personnel at high salaries and allowances. U.S. and foreign personnel of AID and contractors in Vietnam totaled 2,774, of which 1,733 were in Saigon. The basic salary of a median-ranged AID technician (FS-3) serving in Vietnam is \$16,997 plus a 25-percent hardship differential, plus a separate family maintenance allowance of \$3,300 (tax free), plus an educational allowance, plus a transfer allowance. While all this goes on, the administration has proposed legislation to broaden East-West trade relations—in effect, to permit most-favored-nation treatment to those countries trading with the enemy.

The administration is talking about broad new programs and bold new approaches in Africa. And last year, in the minority report in noting that fiscal year 1966 marked the end of long-term authorizations for the development loan program and the Alliance for Progress, we emphasized the need for scrutinizing these programs before entertaining new requests from the executive branch. This year a new \$5 billion, 5-year program was voted for development loans with the same liberal terms and another \$4.8 billion, 5-year program was voted for the Alliance for Progress.

The Committee on Foreign Affairs by its action approving multi-year authorizations for foreign aid has committed approximately \$14 billion—the largest outpouring of money yet to burden the American people. This excludes military assistance funds for the cost of the war in Vietnam.

RECOMMENDATIONS

We have been accused in the past of criticizing the foreign assistance program without offering constructive suggestions to improve it. We believe it is a fundamentally wrong approach but fear also that we are stuck with it, until it breaks us. So as to bring some order out of chaos, we offer a five-point program to be adopted immediately, designed to further our foreign policy objectives at minimal cost.

(1) Limit foreign assistance to those nations and only those nations which have bona fide strategic value to U.S. interests.

On this basis, aid would be terminated to all countries assisting the Communists in any manner or form, to countries which play one side against the other in accepting handouts from both the United States and Communist bloc nations, and to any other country which by its own internal actions block or impair U.S. objectives.

(2) Reduce the personnel complement of the AID bureaucracy, both direct and contract hire, by a planned program over a 5-year period with the objective of cutting the present staff in half.

The Secretary of State testified recently that the smallest agency in the Government, Inspector General, Foreign Assistance, with a staff of only 39 employees is saving the American taxpayer hundreds of millions of dollars. This agency with funds available to increase its size tenfold if necessary has resisted any increase in staff since it was created by the Foreign Assistance Act of 1961. AID could well follow this exemplary action.

(3) Reorient all programs to encourage the climate and inducement for private enterprise to invest in the developing countries.

Such steps might include stimulation of joint enterprises between U.S. investors and local businessmen, tax benefits, expansion of the investment survey program, and revision of the investment guarantee program to adjust rates to relative risks.

(4) U.S. economic aid programs be changed from a line of credit to a real resource basis, providing U.S. goods and technical services—for specific projects.

If this were done, program loans should be phased out as quickly as possible because of the adverse effects of this type of aid on the U.S. balance of payments resulting from substitution of aid credit purchases for cash purchases.

(5) The Committee on Foreign Affairs reassert its traditional review and control prerogatives for all phases of the Foreign Assistance Act.

This would be accomplished by shortening the term of authorization to a more meaningful base, limiting the amount of authorization more closely to what is actually to be used in a given year, and exercising our legislative oversight authority by reviewing questionable aid programs at the site of operations.

Twenty years ago, a modest Point IV program was initiated to help some of the lesser developed nations of the world to get on their feet. Since then the program has ballooned so that today we are aiding in one way or the other almost every country in the world. We now propose to advance to a Point V program, which we have set forth, to aid the American taxpayer by phasing out foreign assistance as rapidly as possible.

ADDENDUM

AID pipeline

[In thousands of dollars]

	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance June 30, 1966
Development loans.....	1,944,438	1,907,175
Development grants.....	278,421	298,220
Alliance for Progress.....		
Loans.....	936,648	1,124,776
Grants.....	102,600	110,684
Chile reconstruction and rehabilitation.....	84	
IDB trust fund.....	333,984	283,984
Supporting assistance.....	353,846	547,373
Contingency fund.....	77,094	85,444
International organizations.....	105,598	146,323
Other programs.....	-3,430	-9,760
Undistributed contingency fund.....		101,348
Total, economic assistance.....	4,129,283	4,595,567
Europe.....	4,407	3,507
Africa.....	481,454	511,604
Near East and South Asia.....	1,538,460	1,407,596
Far East.....	527,047	819,135
Latin America.....	1,425,835	1,567,429
Nonregional.....	152,080	184,948
Undistributed contingency fund.....		101,348
Total, economic assistance.....	4,129,283	4,595,567
Military assistance (pipeline).....		2,144,400
Total available for expenditure from funds appropriated in prior years.....		6,739,967

AID pipeline

NONREGIONAL

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
U.N. technical assistance:		
International organizations	66,870	100,184
Contingency fund	580	
Total, UN technical assistance	67,450	100,184
U.N. Emergency Force: International organizations	850	
Indus Waters:		
International organizations	6,058	5,578
Contingency fund		
Total, Indus Waters	6,058	5,578
U.N. Congo:		
International organizations	3,547	5,000
Contingency fund		
Total, U.N. Congo	3,547	5,000
U.N. Children's Fund: International organizations	12,953	14,488
NATO science:		
International organizations		
Contingency fund		
Total, NATO science		
U.N. Relief and Works Agency:		
International organizations	7,850	8,000
Contingency fund		
Total, UNRWA	7,850	8,000
Atoms for Peace:		
International organizations	1,885	1,766
Development grants	2,156	1,456
Total, Atoms for Peace	4,041	3,222
Malaria eradication:		
International organizations		
Development grants	81	
Total, malaria eradication	81	
Community water supply:		
International organizations		
Development grants	22	
Total, community water supply	22	
U.N. peacekeeping in Cyprus:		
International organizations	5,247	11,307
Contingency fund	7,353	5,053
Total, U.N. peacekeeping in Cyprus	12,600	16,360
U.N. Education and Training for South Africans: International organizations	75	
Worldwide support facilities:		
Development grants	3,758	3,503
Supporting assistance	21	
Total, Worldwide support facilities	3,779	3,503
Ocean freight-voluntary relief:		
Development grants	909	1,880
Contingency fund		
Total, ocean freight-volume relief	909	1,880

NONREGIONAL—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Classified projects:		
Supporting assistance.....	195	250
Contingency fund.....		
Total, classified projects.....	195	250
Disaster relief: Contingency fund.....	4,668	1,073
Foreign scientist: Development grants.....	55	
Research: Development grants.....	14,818	16,316
Interregional programs:		
Development grants.....	12,240	17,789
Supporting assistance.....	187	207
Total, interregional programs.....	12,427	17,996
WHO special programs: International organizations.....	250	
International Peace Corp Secretariat: International organizations.....	13	
Hungarian refugees: Contingency fund.....	14	
American schools and hospitals abroad:		
Other assistance.....	27,987	21,231
Contingency fund.....	931	
Total, American schools and hospitals abroad.....	28,918	21,231
Investment incentive: Development grants.....	86	
Investment surveys: Other assistance.....	1,255	1,905
Administrative expenses—AID.....	7,354	6,658
Administrative expenses—State.....	761	1,233
Vitamin supplement—Child feeding: Development grants.....	1,500	2,800
International Executive Service Corps: Development grants.....	234	699
Undistributed expenditures: Other assistance.....	-40,787	-40,787
Nonregional summary:		
Development loans.....		
Development grants.....	35,859	44,445
Supporting assistance.....	403	457
International organizations.....	105,598	146,323
Other assistance.....	-3,430	-9,760
Contingency fund.....	13,546	6,126
Total, nonregional.....	151,976	187,591

AFRICAN COUNTRIES

[In thousands of dollars]

Algeria:		
Development grant.....	1,116	1,116
Supporting assistance.....	106	0
Total, Algeria.....	1,222	1,116
Burundi:		
Development grant.....	481	559
Total, Burundi.....	481	559
Cameroon:		
Development loan.....	9,554	8,054
Development grant.....	2,341	2,167
Supporting assistance.....	294	100
Total, Cameroon.....	12,189	10,321

AFRICAN COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Central African Republic:		
Development grant	1,643	1,917
Total, Central African Republic	1,643	1,917
Chad:		
Development grant	1,612	1,616
Total, Chad	1,612	1,616
Congo (Brazzaville):		
Development grant	466	466
Total, Congo (Brazzaville)	466	466
Congo (Leopoldville):		
Development grant	1,848	2,187
Supporting assistance	21,204	16,704
Total, Congo (Leopoldville)	23,052	18,891
Dahomey:		
Development grant	718	664
Total, Dahomey	718	664
Ethiopia:		
Development loan	6,076	27,476
Development grant	7,395	7,971
Supporting assistance	3,000	2,000
Contingency fund	20	20
Total, Ethiopia	16,491	37,467
Gabon:		
Development grant	1,069	1,188
Total, Gabon	1,069	1,188
Gambia:		
Development grant	89	87
Total, Gambia	89	87
Ghana:		
Development loan	72,740	62,740
Development grant	677	1,053
Contingency fund	8	8
Total, Ghana	73,425	63,801
Guinea:		
Development loan	1,035	335
Development grant	5,955	4,805
Supporting assistance	10,170	7,170
Contingency fund	17	17
Total, Guinea	17,177	12,327
Ivory Coast:		
Development loan	6,700	4,400
Development grant	1,110	811
Total, Ivory Coast	7,810	5,211
Kenya:		
Development loan	2,750	2,050
Development grant	4,886	5,269
Total, Kenya	7,635	7,319
Liberia:		
Development loan	42,011	35,011
Development grant	10,101	10,541
Contingency fund	60	60
Total, Liberia	52,172	45,612

AFRICAN COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Libya:		
Development loan.....	105	105
Development grant.....	905	805
Supporting assistance.....	21	21
Total, Libya.....	1,031	931
Malagasy Republic:		
Development loan.....	2,700	2,600
Development grant.....	1,038	1,213
Total, Malagasy Republic.....	3,738	3,813
Malawi:		
Development grant.....	2,875	2,584
Total, Malawi.....	2,875	2,584
Mali:		
Development loan.....	3,082	2,582
Development grant.....	1,365	1,902
Supporting assistance.....	655	455
Contingency fund.....	410	310
Total, Mali.....	5,512	5,249
Mauritania:		
Development grant.....	198	245
Total, Mauritania.....	198	245
Morocco:		
Development loan.....	14,879	16,079
Development grant.....	783	1,071
Supporting assistance.....	20,563	10,563
Contingency fund.....	279	299
Total, Morocco.....	36,504	27,942
Niger:		
Development loan.....	2,300	1,900
Development grant.....	1,595	1,440
Total, Niger.....	3,895	3,340
Nigeria:		
Development loan.....	52,543	64,243
Development grant.....	28,265	30,515
Total, Nigeria.....	80,808	94,758
Rwanda:		
Development grant.....	522	612
Supporting assistance.....	0	1,025
Total, Rwanda.....	522	1,637
Senegal:		
Development loan.....	1,300	1,100
Development grant.....	499	575
Supporting assistance.....	0	150
Total, Senegal.....	1,799	1,825
Sierra Leone:		
Development grant.....	2,951	3,600
Contingency fund.....	26	10
Total, Sierra Leone.....	2,977	3,610
Somali Republic:		
Development loan.....	5,105	4,105
Development grant.....	6,491	6,336
Contingency fund.....	3	3
Total, Somali Republic.....	11,599	10,444

AFRICAN COUNTRIES--Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Southern Rhodesia:		
Development grant.....	41	41
Total, Southern Rhodesia.....	41	41
Sudan:		
Development loan.....	5,800	3,800
Development grant.....	5,370	5,282
Contingency fund.....	6	0
Total, Sudan.....	11,176	9,082
Tanzania:		
Development loan.....	7,310	5,310
Development grant.....	4,137	4,542
Total, Tanzania.....	11,447	9,852
Togo:		
Development grant.....	592	1,189
Contingency fund.....	28	0
Total, Togo.....	620	1,189
Tunisia:		
Development loan.....	57,926	60,426
Development grant.....	3,673	4,260
Total, Tunisia.....	61,599	64,676
Uganda:		
Development loan.....	3,922	2,922
Development grant.....	3,298	3,742
Total, Uganda.....	7,220	6,664
Upper Volta:		
Development grant.....	578	595
Total, Upper Volta.....	578	595
UAM regional USAID: Development grant.....	585	752
Total, UAM regional USAID.....	585	752
Africa regional:		
Development loan.....	0	0
Development grant.....	9,641	12,555
Supporting assistance.....	1,925	2,600
Contingency fund.....	0	700
Total, Africa regional.....	11,566	15,755
Zambia: Development grants.....	1,166	1,581
Total, Zambia.....	1,166	1,581
Other loan programs: Development loans.....	0	28,700
East Africa regional:		
Development loans.....	1,500	1,200
Development grants.....	5,247	6,477
Total, East Africa regional.....	6,747	7,677
Africa summary:		
Development loans.....	299,338	335,238
Development grants.....	123,321	134,321
Supporting assistance.....	57,938	40,688
Contingency fund.....	857	1,357
Total, Africa summary.....	481,454	511,604

NEAR EAST/SOUTH ASIA COUNTRIES

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Afghanistan:		
Development loans.....	9,805	14,346
Development grants.....	16,466	14,816
Supporting assistance.....	2,582	1,082
Contingency fund.....	10,018	2,518
Total, Afghanistan.....	38,871	32,762
Ceylon:		
Contingency funds.....	0	5,000
Total, Ceylon.....	0	5,000
Cyprus:		
Development grants.....	294	320
Total, Cyprus.....	294	320
Greece:		
Development loans.....	29,704	26,411
Development grants.....	-3	-3
Supporting assistance.....	446	285
Contingency fund.....	14	14
Total, Greece.....	30,161	26,707
India:		
Development loans.....	677,562	533,296
Development grants.....	13,336	14,481
Total, India.....	690,898	547,777
Iran:		
Development loans.....	20,314	25,585
Development grants.....	3,110	3,624
Supporting assistance.....	143	0
Contingency fund.....	3	3
Total, Iran.....	23,570	29,212
Iraq:		
Development grants.....	372	0
Total, Iraq.....	372	0
Israel:		
Development loans.....	57,796	55,584
Total, Israel.....	57,796	55,584
Jordan:		
Development loans.....	1,640	11,470
Development grants.....	7,077	6,757
Total, Jordan.....	8,717	18,227
Lebanon:		
Development loans.....	478	478
Development grants.....	241	0
Total, Lebanon.....	719	478
Nepal:		
Development loans.....	2,139	2,039
Development grants.....	4,022	4,202
Total, Nepal.....	6,161	6,241
Pakistan:		
Development loans.....	349,758	309,053
Development grants.....	10,258	9,860
Supporting assistance.....	24	0
Total, Pakistan.....	360,040	318,913

FOREIGN ASSISTANCE ACT OF 1966

NEAR EAST/SOUTH ASIA COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Syrian Arab Republic:		
Development loans.....	14,945	14,945
Development grants.....	524	270
Total, Syrian Arab Republic.....	15,469	15,215
Turkey:		
Development loans.....	236,039	287,439
Development grants.....	3,754	4,998
Supporting assistance.....	1,780	1,780
Contingency fund.....	28	0
Total, Turkey.....	241,601	294,217
United Arab Republic:		
Development loans.....	26,113	23,387
Development grants.....	3,567	4,067
Contingency fund.....	405	405
Total, United Arab Republic.....	30,085	27,859
Yemen:		
Supporting assistance.....	2,974	1,015
Contingency fund.....	41	41
Total, Yemen.....	3,015	1,056
CENTO:		
Development grants.....	78	78
Supporting assistance.....	25,339	22,928
Total, CENTO.....	25,417	23,006
Regional NESA:		
Development grants.....	4,577	4,325
Supporting assistance.....	655	655
Contingency fund.....	42	42
Total, Regional NESA.....	5,274	5,022
Near East and South Asia—Summary:		
Development loans.....	1,426,293	1,304,030
Development grants.....	67,673	67,798
Supporting assistance.....	33,943	27,745
Contingency fund.....	10,551	8,023
Total, Near East and South Asia summary.....	1,538,460	1,407,596

FAR EAST COUNTRIES

Burma:		
Development grants.....	6,003	3,209
Supporting assistance.....	3,904	3,204
Contingency fund.....		
Total, Burma.....	9,907	6,413
Cambodia:		
Development grants.....	2,209	1,382
Supporting assistance.....	116	
Contingency fund.....	697	
Total, Cambodia.....	3,022	1,382
China:		
Development loans.....	55,709	45,201
Development grants.....	773	200
Supporting assistance.....	—116	
Contingency fund.....	104	
Total, China.....	56,470	45,401

FAR EAST COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Indonesia:		
Development loans.....	2,192	
Development grants.....	5,948	3,548
Supporting assistance.....	217	
Contingency fund.....	18	
Total, Indonesia.....	8,375	3,548
Japan:		
Development grants.....		
Supporting assistance.....		
Total, Japan.....		
Korea:		
Development loans.....	111,256	166,256
Development grants.....	7,027	7,027
Supporting assistance.....	62,045	42,045
Contingency fund.....		
Total, Korea.....	180,328	215,328
Laos:		
Development grants.....	9,441	11,641
Supporting assistance.....	26,957	33,457
Contingency fund.....	1,267	4,586
Total, Laos.....	37,665	49,684
Philippines:		
Development loans.....	7,636	5,136
Development grants.....	3,243	3,646
Supporting assistance.....	—1	
Contingency fund.....		
Total, Philippines.....	10,878	8,782
Thailand:		
Development loans.....	28,407	42,407
Development grants.....	7,063	11,842
Supporting assistance.....	12,143	9,726
Contingency fund.....	4,226	5,226
Total, Thailand.....	51,839	69,201
Vietnam:		
Development loans.....	9,887	6,087
Development grants.....	7,306	7,406
Supporting assistance.....	129,262	363,742
Contingency fund.....	18,680	29,000
Total, Vietnam.....	165,135	406,235
Regional:		
Development grants.....	2,461	1,661
Supporting assistance.....	967	
Contingency fund.....		11,500
Total, regional.....	3,428	13,161
Far East summary:		
Development loans.....	215,087	265,087
Development grants.....	51,474	51,562
Supporting assistance.....	235,494	452,174
Contingency fund.....	24,992	50,312
Total, Far East.....	527,047	819,135

LATIN AMERICAN COUNTRIES

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Argentina:		
Alliance for Progress.....	66,698	56,066
Loans.....	64,108	53,036
Grants TC.....	2,590	3,030
Contingency fund.....	4,458	
Total, Argentina.....	71,156	56,066
Bolivia:		
Alliance for Progress.....	51,408	61,368
Loans.....	46,045	55,645
Grants.....	5,363	5,723
Supporting assistance.....	3,505	2,205
Contingency fund.....	497	1,000
Total, Bolivia.....	55,410	64,573
Brazil:		
Alliance for Progress.....	331,631	455,981
Loans.....	308,040	433,040
Grants.....	23,591	22,941
Contingency fund.....		
Total, Brazil.....	331,631	455,981
Chile:		
Alliance for Progress.....	120,910	134,876
Loans.....	116,900	130,200
Grants.....	3,926	4,676
Reconstruction and rehabilitation.....	84	
Contingency fund.....		
Total, Chile.....	120,910	134,876
Colombia:		
Alliance for Progress.....	58,068	94,203
Loans.....	53,623	88,623
Grants.....	4,445	5,580
Contingency fund.....		
Total, Colombia.....	58,068	94,203
Costa Rica:		
Alliance for Progress.....	22,773	23,903
Loans.....	20,854	21,854
Grants.....	1,919	2,049
Contingency fund.....		
Total, Costa Rica.....	22,773	23,903
Dominican Republic:		
Alliance for Progress.....	10,045	25,783
Loans.....	8,391	21,891
Grants.....	1,654	3,892
Contingency fund.....	11,363	15,729
Supporting assistance.....	9,350	14,395
Total, Dominican Republic.....	30,758	55,907
Ecuador:		
Alliance for Progress.....	40,017	44,607
Loans.....	36,600	40,760
Grants.....	3,357	3,847
Contingency fund.....	14	
Total, Ecuador.....	40,031	44,607

LATIN AMERICAN COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
El Salvador:		
Alliance for Progress.....	23,230	20,820
Loans.....	20,541	17,941
Grants.....	2,689	2,879
Contingency fund.....	2,000	
Total, El Salvador.....	25,230	20,820
Guatemala:		
Alliance for Progress.....	16,498	18,178
Loans.....	13,449	14,649
Grants.....	3,049	3,529
Contingency fund.....		
Total, Guatemala.....	16,498	18,178
Haiti:		
Alliance for Progress.....	12	12
Loans.....	12	12
Grants.....		
Supporting assistance.....	685	585
Contingency fund.....		
Total, Haiti.....	697	597
Honduras:		
Alliance for Progress.....	9,405	14,465
Loans.....	7,154	12,154
Grants.....	2,251	2,311
Supporting assistance.....	36	
Contingency fund.....		
Total, Honduras.....	9,441	14,465
Mexico:		
Alliance for Progress.....	43,743	41,243
Loans.....	43,500	41,000
Grants.....	243	243
Supporting assistance.....	245	
Contingency fund.....		
Total, Mexico.....	43,988	41,243
Nicaragua:		
Alliance for Progress.....	22,254	29,404
Loans.....	19,755	26,955
Grants.....	2,499	2,449
Total, Nicaragua.....	22,254	29,404
Panama:		
Alliance for Progress.....	20,613	22,773
Loans.....	19,060	21,360
Grants.....	1,553	1,413
Supporting assistance.....	123	
Contingency fund.....	4,387	2,387
Total, Panama.....	25,123	25,160
Paraguay:		
Alliance for Progress.....	5,758	10,118
Loans.....	3,662	7,662
Grants.....	2,095	2,456
Total, Paraguay.....	5,758	10,118

LATIN AMERICAN COUNTRIES—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Peru:		
Alliance for Progress	53,491	43,341
Loans	45,128	35,128
Grants	8,363	8,213
Contingency fund	88	888
Total, Peru	53,579	44,229
Uruguay:		
Alliance for Progress	5,769	4,079
Loans	3,518	2,118
Grants	2,251	1,961
Total, Uruguay	5,769	4,079
Venezuela:		
Alliance for Progress	28,629	19,869
Loans	27,213	18,213
Grants	1,416	1,656
Total, Venezuela	28,629	19,869
British Guiana:		
Alliance for Progress	6,135	9,095
Loans	5,500	8,300
Grants	635	795
Contingency fund	4,237	2,265
Total, British Guiana	10,372	11,360
British Honduras:		
Alliance for Progress	19	9
Grants	19	9
Total, British Honduras	19	9
Surinam:		
Alliance for Progress	15	9
Grants	15	9
Supporting assistance	1,000	
Total, Surinam	1,015	9
Jamaica:		
Alliance for Progress	11,579	13,746
Loans	10,974	12,874
Grants	605	872
Total, Jamaica	11,579	13,746
Trinidad-Tobago:		
Alliance for Progress	65	35
Grants	65	35
Supporting assistance	10,531	8,531
Total, Trinidad-Tobago	10,596	8,566
IDB Trust Fund	333,983	283,984
ROCAP:		
Alliance for Progress	67,598	65,968
Loans	62,561	61,361
Grants	5,037	4,607
Total, ROCAP	67,598	65,968

LATIN AMERICAN COUNTRIES—Continued

[In thousands of dollars]

Country and unction	Unliquidated obligations and reservations, June 30, 1965	Estimated unexpended balance, June 30, 1966
Regional:		
Alliance for Progress.....	22,969	25,509
Grants.....	22,969	25,509
Total, regional.....	22,969	25,509
Latin American summary:		
Alliance for Progress.....	1,373,316	1,519,444
Loans.....	936,648	1,124,776
Grants.....	102,600	110,684
Reconstruction and rehabilitation.....	84	
IDB Trust Fund.....	333,984	283,984
Supporting assistance.....	25,475	25,716
Contingency fund.....	27,044	22,269
Total, Latin America.....	1,425,835	1,567,429

EUROPEAN COUNTRIES

Berlin:		
Supporting assistance.....	313	313
Contingency fund.....		
Total, Berlin.....	313	313
Spain:		
Development loans.....	433	33
Development grants.....		
Supporting assistance.....	280	280
Contingency fund.....		
Total, Spain.....	713	313
Yugoslavia:		
Development loans.....	3,287	2,787
Development grants.....	94	94
Supporting assistance.....		
Contingency fund.....		
Total, Yugoslavia.....	3,381	2,881
European summary:		
Development loans.....	3,720	2,820
Development grants.....	94	94
Supporting assistance.....	593	593
Contingency fund.....		
Total, Europe.....	4,407	3,507

E. ROSS ADAIR.
H. R. GROSS.
E. Y. BERRY.
EDWARD J. DERWINSKI.
VERNON W. THOMSON.

H. R. 15750

[Report No. 1651]

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1966

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

JUNE 23, 1966

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1966".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended as follows:

10 (a) At the end of the ninth paragraph, add the fol-
11 lowing new sentence: "It is further the sense of the Con-

gress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.”

(b) In the last paragraph, immediately before the period at the end thereof, insert the following: “and to provide adequate compensation for such damage or destruction”.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201 (b), which relates to general authority, is amended by inserting after the second sentence thereof the following new sentence: “In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.”

(b) Section 202 (a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out “\$1,200,000,000” and all that follows down through “succeeding fiscal years” and insert in lieu thereof “\$1,000,000,000 for each of the fiscal years 1967 through 1971”.

1 (2) In the second proviso, strike out “June 30, 1965,
2 and June 30, 1966” and insert in lieu thereof “June 30,
3 1967, through June 30, 1971”.

4 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
5 GRANTS

6 SEC. 103. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates to tech-
8 nical cooperation and development grants, is amended as
9 follows:

10 (a) Section 211, which relates to general authority, is
11 amended by adding at the end thereof the following new
12 subsection:

13 “(d) Not to exceed \$10,000,000 of funds made avail-
14 able under section 212, or under section 252 (other than
15 loan funds), may be used for assistance, on such terms and
16 conditions as the President may specify, to research and
17 educational institutions in the United States for the purpose
18 of strengthening their capacity to develop and carry out
19 programs concerned with the economic and social develop-
20 ment of less developed countries.”

(b) Section 212, which relates to authorization, is amended by striking out all after "President for" and inserting in lieu thereof "each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed \$231.-

1 310,000. Amounts appropriated under this section are au-
2 thorized to remain available until expended.”

3 (c) Section 214, which relates to American schools and
4 hospitals abroad, is amended as follows:

5 (1) In subsection (b), strike out “to hospitals outside
6 the United States founded or sponsored by United States
7 citizens and serving as centers for medical education and
8 research” and insert in lieu thereof “to institutions referred
9 to in subsection (a) of this section, and to hospital centers
10 for medical education and research outside the United States,
11 founded or sponsored by United States citizens”.

12 (2) In subsection (c), strike out all after “this section,
13 for” and insert in lieu thereof “each of the fiscal years 1967
14 and 1968 not to exceed \$10,989,000. Amounts appropri-
15 ated under this subsection are authorized to remain available
16 until expended.”

17 (3) At the end thereof, add the following new sub-
18 section:

19 “(d) There is authorized to be appropriated to the
20 President for the purposes of section 214 (b), in addition to
21 funds otherwise available for such purposes, for the fiscal
22 year 1967, \$1,000,000 in foreign currencies which the
23 Secretary of the Treasury determines to be excess to the
24 normal requirements of the United States.”

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221 (b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$8,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1970".

(b) Section 221 (c), which relates to limitations on investment guaranties, is amended by striking out "twenty years" and inserting in lieu thereof "thirty years".

(c) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing

1 guaranteed under section 221 (b) (2) or section 224, the
2 Administrator of the Agency for International Development
3 shall prescribe the rate of interest allowable to the eligible
4 United States investor, which rate shall not be less than one-
5 half of 1 per centum above the then current rate of in-
6 terest applicable to housing mortgages insured by the De-
7 partment of Housing and Urban Development. In no event
8 shall the Administrator prescribe an allowable rate of in-
9 terest which exceeds by more than 1 per centum the then
10 current rate of interest applicable to housing mortgages in-
11 sured by such Department.”

12 (d) Section 224, which relates to housing projects in
13 Latin American countries, is amended as follows:

14 (1) In subsection (b) (1), strike out “Federal Hous-
15 ing Administration” and insert in lieu thereof “Department
16 of Housing and Urban Development”.

17 (2) In subsection (c), strike out “\$400,000,000” and
18 insert in lieu thereof “\$500,000,000: *Provided*, That \$350,-
19 000,000 be used for the purposes of section 224 (b) (1)”.

20 (3) In the last proviso of subsection (c), strike out
21 “1967” and insert in lieu thereof “1970”.

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251 (b), which relates to general authority, is amended by inserting immediately after the third sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 through 1971".

(3) In the last sentence, strike out "June 30, 1965

1 and June 30, 1966” and insert in lieu thereof “June 30,
2 1967, through June 30, 1971”.

3 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
4 REGIONAL PROGRAMS

5 SEC. 106. Chapter 2 of part I of the Foreign Assistance
6 Act of 1961, as amended, is amended by adding at the end
7 thereof the following new titles:

8 “TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
9 REGIONAL PROGRAMS

10 “SEC. 271. GENERAL PROVISIONS.—The acceleration
11 of social and economic progress in southeast Asia is important
12 to the achievement of the United States foreign policy
13 objectives of peace and stability in that area. It is
14 the sense of Congress that this objective would be served
15 by an expanded effort by the countries of southeast Asia and
16 other interested countries in cooperative programs for social
17 and economic development of the region, employing both
18 multilateral and bilateral channels of assistance.

19 “SEC. 272. SPECIAL PROVISIONS.—In providing as-
20 sistance to further the purposes of this title the President
21 shall take into account—

22 “(1) initiatives in the field of social and economic
23 development by Asian peoples and institutions;

“(2) regional economic cooperation and integration in southeast Asia;

“(3) the extent of participation by other potential donor countries;

“(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

“(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

“SEC. 273. AUTHORIZATION.—The President is authorized to utilize funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

“TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS
IN DEVELOPMENT

“SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the en-

1 couragement of democratic private and local governmental
2 institutions.”

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS
4 AND PROGRAMS

5 SEC. 107. Chapter 3 of part I of the Foreign Assistance
6 Act of 1961, as amended, which relates to international
7 organizations and programs, is amended as follows:

8 (a) Section 301 (a), which relates to general authority,
9 is amended by inserting immediately after “by such orga-
10 nizations” the following: “, and in the case of the Indus
11 Basin Development Fund administered by the International
12 Bank for Reconstruction and Development to make grants
13 and loans payable as to principal and interest in United
14 States dollars and subject to the provisions of section
15 201 (d),”.

16 (b) Section 301 (b), which relates to general authority,
17 is amended by striking out “United Nations Expanded Pro-
18 gram of Technical Assistance and the United Nations Spe-
19 cial Fund” and inserting in lieu thereof “United Nations
20 Development Program” and by adding at the end thereof the
21 following new sentence: “The President shall seek to assure
22 that no contribution to the United Nations Development
23 Program authorized by this Act shall be used for projects for
24 economic or technical assistance to the Government of Cuba,
25 so long as Cuba is governed by the Castro regime.”

1 (c) Section 301 (c), which relates to assistance for
2 Palestine refugees in the Near East, is amended by striking
3 out the last sentence and inserting in lieu thereof the follow-
4 ing: "Contributions by the United States for the fiscal year
5 1967 shall not exceed \$13,300,000. No contributions under
6 this subsection shall be made except on the condition that
7 the United Nations Relief and Works Agency take all pos-
8 sible measures to assure that no part of the United States
9 contribution shall be used to furnish assistance to any refugee
10 who is receiving training as a member of the so-called Pales-
11 tine Liberation Organization."

12 (d) Section 302, which relates to authorization, is
13 amended to read as follows:

14 "SEC. 302. AUTHORIZATION.—(a) There is author-
15 ized to be appropriated to the President for grants to carry
16 out the purposes of this chapter, in addition to funds avail-
17 able under any other Act for such purposes, for each of the
18 fiscal years 1967 and 1968 not to exceed \$140,433,000.

19 "(b) There is authorized to be appropriated to the
20 President for loans for Indus Basin Development to carry
21 out the purposes of this chapter, in addition to funds available
22 under this or any other Act for such purposes, for use begin-
23 ning in the fiscal year 1968, \$51,220,000.

24 "(c) There is authorized to be appropriated to the
25 President, for the fiscal year 1967, \$1,000,000 for contribu-

1 tions to the United Nations Children's Fund during the
2 calendar year 1967. Funds made available under this sub-
3 section shall be in addition to funds available under this or
4 any other Act for such contributions and shall not be taken
5 into account in computing the aggregate amount of United
6 States contributions to such fund for the calendar year 1967.

7 “(d) None of the funds available to carry out this
8 chapter shall be contributed to any international organization
9 or to any foreign government or agency thereof to pay the
10 costs of developing or operating any volunteer program of
11 such organization, government, or agency relating to the
12 selection, training, and programing of volunteer manpower.”

13 CHAPTER 4—SUPPORTING ASSISTANCE

14 SEC. 108. Section 402 of the Foreign Assistance Act
15 of 1961, as amended, which relates to authorization for sup-
16 porting assistance, is amended to read as follows:

17 “SEC. 402. AUTHORIZATION.—There is authorized to
18 be appropriated to the President to carry out the purposes
19 of this chapter for each of the fiscal years 1967 and 1968 not
20 to exceed \$200,000,000. In addition, there is authorized
21 to be appropriated to the President for use in Vietnam in
22 each of the fiscal years 1967 and 1968 to carry out the
23 purposes of this chapter not to exceed \$550,000,000.
24 Amounts appropriated under this section are authorized to
25 remain available until expended.”

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a), strike out “the fiscal year 1966” and insert in lieu thereof “each of the fiscal years 1967 and 1968” and strike out the last sentence.

(b) In subsection (b), strike out “the first sentence of”.

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504 (a), which relates to authorization, is amended to read as follows:

“(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$917,000,000 for each of the fiscal years 1967 and 1968. Amounts appropriated under this subsection are authorized to remain available until expended.”

1 (b) Section 508, which relates to reimbursements, is
2 amended by adding at the end thereof the following new
3 sentence: "Such amounts of the appropriations made avail-
4 able under this part (including unliquidated balances of funds
5 heretofore obligated for financing sales and guarantees) as
6 may be determined by the President shall be transferred to,
7 and merged with, the separate fund account."

8 (c) Section 510 (a), which relates to special authority,
9 is amended as follows:

10 (1) In the first sentence, strike out "the fiscal year
11 1966" and insert in lieu thereof "each of the fiscal years
12 1967 and 1968".

13 (2) In the second sentence, strike out "the fiscal year
14 1966" and insert in lieu thereof "each fiscal year".

15 (d) Section 512, which relates to restrictions on mili-
16 tary aid to Africa, is amended by striking out "fiscal year
17 1966" and inserting in lieu thereof "each fiscal year".

18 (e) At the end of such chapter 2, add the following
19 new section:

20 "SEC. 514. ADMINISTRATION OF SALES AND EX-
21 CHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND
22 SERVICES.—Programs for the sale or exchange of defense
23 articles or defense services under this chapter shall be ad-
24 ministered so as to encourage regional arms control and dis-
25 armament agreements and so as to discourage arms races."

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

“(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;”.

(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively.

(3) Subsection (c) is amended to read as follows:

“(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such members of leading American business

1 specialists as may be selected, from time to time, by the
2 Administrator of the Agency for International Development
3 for the purpose of carrying out the provisions of this sub-
4 section. The members of the Board shall serve at the pleas-
5 ure of the Administrator, who shall designate one member
6 to serve as Chairman.

7 “(2) It shall be the duty of the Council, at the request
8 of the Administrator, to make recommendations to the Ad-
9 ministrator with respect to particular aspects of programs and
10 activities under this Act where private enterprise can play
11 a contributing role and to act as liaison for the Administrator
12 to involve specific private enterprises in such programs and
13 activities.

14 “(3) The members of the Advisory Council shall re-
15 ceive no compensation for their services but shall be entitled
16 to reimbursement in accordance with section 5 of the Admin-
17 istrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel
18 and other expenses incurred by them in the performance of
19 their functions under this subsection.

20 “(4) The expenses of the Advisory Council shall be
21 paid by the Administrator from funds otherwise available
22 under this Act.”

23 (b) Section 608 (a), which relates to advance acquisi-
24 tion of property, is amended by inserting “(including per-

1 sonnel costs)” immediately after “costs” the first place it
2 appears in the first sentence.

3 (c) Section 610 (b), which relates to transfer between
4 accounts, is amended by striking out the last sentence and
5 inserting in lieu thereof the following: “Not to exceed
6 \$5,000,000 of the funds appropriated under section 402 of
7 this Act for any fiscal year for use in Vietnam may be trans-
8 ferred to and consolidated with appropriations made under
9 section 637 (a) of this Act for the same fiscal year, subject
10 to the further limitation that funds so transferred shall be
11 available solely for additional administrative expenses in-
12 curred in connection with programs in Vietnam.”

13 (d) Section 614 (a), which relates to special authori-
14 ties, is amended by adding at the end thereof the following
15 new sentence: “The limitation contained in the preceding
16 sentence shall not apply to any country which is a victim
17 of active Communist or Communist-supported aggression.”

18 (e) Section 620, which relates to prohibitions against
19 furnishing assistance, is amended as follows:

20 (1) The first sentence of subsection (i) is amended to
21 read as follows: “No assistance shall be provided under this
22 or any other Act, and no sales shall be made under the Agri-
23 cultural Trade Development and Assistance Act of 1954, to
24 any country which the President determines is engaging in or

1 preparing for aggressive military efforts, or is participating
2 officially in any international conference to plan activities in-
3 volving insurrection or subversion, directed against—

4 “(1) the United States,

5 “(2) any country receiving assistance under this
6 or any other Act, or

7 “(3) any country to which sales are made under
8 the Agricultural Trade Development and Assistance
9 Act of 1954,

10 until the President determines that such military efforts or
11 preparations have ceased, or such participation has ceased,
12 and he reports to the Congress that he has received assur-
13 ances satisfactory to him that such military efforts or prep-
14 arations will not be renewed, or that such participation will
15 not be renewed or repeated.”

16 (2) Subsection (1) is amended to read as follows:

17 “(1) The President shall consider denying assistance
18 under this Act to the government of any less developed
19 country which, after December 31, 1966, has failed to enter
20 into an agreement with the President to institute the invest-
21 ment guaranty program under section 221 (b) (1) of this
22 Act, providing protection against the specific risks of in-
23 convertibility under subparagraph (A), and expropriation
24 or confiscation under subparagraph (B), of such section
25 221 (b) (1).”

1 (3) Subsection (n) is amended by striking out “the
2 President shall consider denying assistance” and inserting in
3 lieu thereof “no assistance shall be furnished”.

4 CHAPTER 2—ADMINISTRATIVE PROVISIONS

5 SEC. 302. Chapter 2 of part III of the Foreign Assist-
6 ance Act of 1961, as amended, which relates to administra-
7 tive provisions, is amended as follows:

8 (a) Section 624 (d) , which relates to the Inspector Gen-
9 eral, Foreign Assistance, is amended by adding at the end
10 thereof the following new paragraph:

11 “(8) Whenever the Inspector General, Foreign Assist-
12 ance, deems it appropriate in carrying out his duties under
13 this Act, he may from time to time notify the head of any
14 agency primarily responsible for administering any program
15 with respect to which the Inspector General, Foreign Assist-
16 ance, has responsibilities under paragraph (2) of this sub-
17 section that all internal audit, end-use inspection, and man-
18 agement inspection reports submitted to the head of such
19 agency or mission in the field in connection with such pro-
20 gram from any geographic areas designated by the Inspector
21 General, Foreign Assistance, shall be submitted simultane-
22 ously to the Inspector General, Foreign Assistance. The
23 head of each such agency shall cooperate with the Inspector
24 General, Foreign Assistance, in carrying out the provisions
25 of this paragraph.”

1 (b) Section 635 (h), which relates to general authori-
2 ties, is amended by inserting “(except development loans)”
3 immediately after “II, V, and VI”.

4 (c) Section 637 (a), which relates to administrative
5 expenses, is amended by striking out “the fiscal year 1966
6 not to exceed \$54,240,000” and inserting in lieu thereof
7 “each of the fiscal years 1967 and 1968 not to exceed
8 \$57,387,000”.

89TH CONGRESS
2^D Session

H. R. 15750

[Report No. 1651]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

JUNE 16, 1966

Referred to the Committee on Foreign Affairs

JUNE 23, 1966

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued June 30, 1966
For actions of June 29, 1966
89th-2nd; No. 107

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HIGHLIGHTS: House received conference report on cotton research-promotion bill. Reps. Roush and Brademas urged enactment of disaster relief bill. Senate committee voted to report child nutrition bill. Senate passed screw-worm eradication bill. Sen. Proxmire urged enactment of special school milk program. Rep. Gross inserted tabulation of underpayment to agriculture and debt expansion.

HOUSE

1. COTTON. Received the conference report on H. R. 12322, the cotton research and promotion bill (H. Rept. 1673) (pp. 13954-5). The report contains a statement and explanation of the effect of the action agreed upon by the conferees as follows:

"H. R. 12322 would authorize the Secretary of Agriculture to issue a marketing order authorizing the collection of contributions from cotton producers of \$1.00 per bale to be used for the purpose of research and promotion to further the consumption of cotton in the United States. As in the case of other

marketing orders, the bill provides that the proposed marketing order should be approved in a referendum of cotton producers by two-thirds of the producers voting in the referendum or two-thirds of the cotton production represented by producers in the referendum.

"The Senate amended the bill in two respects: (1) To provide that the assessment could not exceed \$1.00 per bale; (2) To provide that approval of the marketing order in the referendum by a vote of two-thirds of the volume represented would not be effective unless such vote also represented at least a majority of the producers voting in the referendum.

"In the meeting of the conferees it was stated that the Secretary of Agriculture had announced that he would not approve the proposed marketing order unless a majority of the producers voted in favor of it, if the decision were to be made on a volume of production basis. The Senate amendment dealing with this matter appeared, therefore, to be a moot question and the House conferees accepted this amendment.

"Having accepted the amendment with respect to the referendum, the conferees felt that it would give cotton producers greater confidence in the proposed program to accept also the first Senate amendment which provides that the producer assessment under the proposed marketing order cannot be, under any circumstances, more than \$1.00 per bale under this legislation."

2. PERSONNEL; PAY. Concurred in Senate amendments to H. R. 1535, to permit the payment of premium compensation to Classification Act employees for periods of work involving hazardous conditions (p. 13955). This bill will now be sent to the President.
3. WATER FOR PEACE. A subcommittee of the Foreign Affairs Committee approved for full committee action H. J. Res. 1169, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. in 1967. p. D594
4. TRANSPORTATION. The Government Operations Committee voted to report (but did not actually report) H. R. 15963, amended, to establish a Department of Transportation. p. D594
5. RECREATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 51, amended, to provide for the establishment of the Indiana Dunes National Lakeshore. p. D594
6. FIREFIGHTERS. A subcommittee of the Post Office and Civil Service Committee approved for full committee action H. R. 10294, to reduce the time in standby status of firefighting personnel of the Federal Government. p. D595
7. FOREIGN AID. The "Daily Digest" states that the Rules Committee "granted an open rule with 5 hours of debate on H. R. 15750," the foreign aid authorization bill. p. D595
8. POVERTY. The "Daily Digest" states that the Rules Committee "granted an open rule with 8 hours of debate on H. R. 15111," the Economic Opportunity Act amendments. p. D595
9. DISASTER RELIEF. Reps. Roush and Brademas commended and discussed the provisions of S. 1861, to provide additional assistance for areas suffering a major disaster, and urged its enactment. pp. 13982-86

June 30, 1966

14. BALANCE OF PAYMENTS. Sens. Symington and Proxmire spoke on the balance-of-payments, interest rates, and the current-account situation of the U. S. pp. 14150, 14186-7
15. WORLD FOOD POLICY. Sen. McGovern identified some present and past officers of the International Federation of Agricultural Producers and commended and inserted a resolution on world economic development and world food policy adopted at that organization's recent conference in London. pp. 14153-4
16. DAIRY INDUSTRY. Sen. Proxmire commended the Secretary for announcing that the support price for dairy products would be pegged at \$4., and inserted a memorandum from Sen. Nelson to the Secretary on the dairy income situation, although he stated "I do not completely agree with all of the conclusions of this memorandum." pp. 14155-7, 14160
Sen. McGovern called the announcement of the raise in price supports for manufacturing milk a wise move and stated that the Secretary is "to be congratulated." p. 14159
17. SMALL BUSINESS. Received the Sixteenth Annual Report of the Senate Select Committee on Small Business (S. Rept. 1349). p. 14101
18. PATENTS. Received from the Judiciary Committee a report, "Patents, Trademarks, and Copyrights" (S. Rept. 1350). p. 14101
19. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the leadership intends to take up the Federal employees pay bill and the child nutrition bill on Monday, July 11, and the water and air pollution control bills on the following day. p. 14119
20. ADJOURNMENT. Both Houses agreed to H. Con. Res. 804, that when the two Houses adjourn on Thursday, June 30, 1966, they stand adjourned until 12 o'clock noon on Monday, July 11, 1966. pp. 14118-9, 14265

HOUSE

21. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 15750, the foreign aid authorization bill. p. 14241
Rep. Vivian stated foreign aid is a "partnership," the basis of which is "self-help," and inserted a portion of AID's report to Congress. pp. 14275-6
Rep. Gallagher inserted an address by David Bell recounting the Nation's foreign aid efforts and their "tangible results." pp. 14283-6
Rep. Fascell commended a "new development" in the foreign assistance effort being undertaken jointly by the Organization for Economic Cooperation and Development and the International Council of Voluntary Agencies "to obtain information on an unprecedented scale about the whole range of nongovernmental, nonprofit participation in development aid" which will be published in an "international directory." p. 14294
22. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendments H. R. 13419, to authorize the Secretary of the Interior to engage in feasibility investigations of water resource development proposals (H. Rept. 1686). p. 14298

23. COTTON. Agreed to the conference report on H. R. 12322, the cotton research and promotion bill (p. 14248). This bill will now be sent to the President. For a statement and explanation of the effect of the action agreed upon by the conferees see Digest 107.
24. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action H. R. 9976, amended, relating to property compensation with respect to reclamation canals. p. D600
25. WATERSHEDS. Rep. Waggoner inserted an editorial critical of the proposed expansion of the Bureau of Reclamation and complimenting the work of this Department under the Watershed and Flood Protection Act. pp. 14236-7
Rep. Cleveland criticized the "holding up" by the Budget Bureau of watershed project plans. pp. 14263-4
26. MARKETING. The "Daily Digest" states that the Interstate and Foreign Commerce Committee will conduct public hearings on the fair packaging and labeling bills from July 26 through Aug. 4. p. D600
27. FOOD-FOR-PEACE. Both Houses received from the President the annual food-for-peace report (H. Doc. 457). pp. 14096, 14250
28. FARM PROGRAM. Reps. Findley and Ashbrook inserted an article, "Back to 'The Pit'--Only Washington Is Doing Business as Usual in Wheat," which advocates giving the marketplace "free rein." pp. 14253-4, 14257
29. ECONOMY. Rep. Curtis commended and inserted an article, "Guidelines as Instruments of Economic Policy." pp. 14258-63
30. FARM PRICES; INFLATION. Rep. Nelsen inserted several articles expressing "resentment" toward the administration for its "efforts" to "make the American farmer the fall guy for inflation." pp. 14270-2
31. TRANSPORTATION. Rep. Holifield spoke in support of the proposed Department of Transportation. pp. 14272-5
32. OPINION POLL. Rep. Griffiths inserted the results of a questionnaire including items of interest to this Department. p. 14290
33. RESEARCH. Rep. Reuss discussed California, Cornell, and Yale faculty committee reports which are said to "significantly confirm" the findings of the House Research and Technical Programs Subcommittee that Federal research funds going to universities have had a detrimental effect on the quality of teaching in higher education. pp. 14279-81
34. LEGISLATIVE PROGRAM. Rep. Albert announced that on Tues., July 12, and the balance of that week the House will consider the foreign aid authorization bill. p. 14253

ITEMS IN APPENDIX

35. INFORMATION. Reps. Anderson, Ill., and Monagan inserted articles favoring passage of the freedom of information bill. pp. A3538, A3541

CONSIDERATION OF H.R. 15750

JUNE 30, 1966.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 906]

The Committee on Rules, having had under consideration House Resolution 906, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 266

89TH CONGRESS
2D SESSION

H. RES. 906

[Report No. 1680]

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1966

Mr. BOLLING, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for the consideration of the bill (H.R. 15750) to amend
5 further the Foreign Assistance Act of 1961, as amended,
6 and for other purposes. After general debate, which shall
7 be confined to the bill and shall continue not to exceed five
8 hours, to be equally divided and controlled by the chairman
9 and ranking minority member of the Committee on Foreign
10 Affairs, the bill shall be read for amendment under the five-
11 minute rule. At the conclusion of the consideration of the
12 bill for amendment, the Committee shall rise and report the

1 bill to the House with such amendments as may have been
2 adopted, and the previous question shall be considered as
3 ordered on the bill and amendments thereto to final passage
4 without intervening motion except one motion to recommit.

House Calendar No. 266

89TH CONGRESS
2^D SESSION

H. RES. 906

[Report No. 1680]

RESOLUTION

Providing for consideration of H.R. 15750, a
bill to amend further the Foreign Assistance
Act of 1961, as amended, and for other
purposes.

By Mr. BOILING

JUNE 30, 1966

Referred to the House Calendar and ordered to be
printed

July 11, 1966

13. STATION TRANSFERS. Passed without amendment H. R. 10607, to extend provisions for reimbursement of certain moving and storage expenses of Federal employees when transferred from one official duty station to another. This bill provides for: (1) an increased weight allowance for shipment of household goods, (2) certain family transportation expenses, (3) storage expenses for household goods where housing is in short supply, (4) payment of certain real estate transactions incident to the station transfer, and (5) payment of a cash allowance for certain miscellaneous expenses. This bill will now be sent to the President. pp. 14419-20
14. RESEARCH. Sen. Bartlett commended and inserted a speech by Secretary of the Interior Udall on "Exploiting the Ocean," which he stated defines the needs that prompted him to sponsor legislation to develop fish protein concentrate plants and to expand marine sciences and marine resource development. pp. 14438-9
15. TIRE SAFETY. Sen. Nelson commended passage of the proposed Tire Safety Act and inserted articles on the subject. pp. 14433-7
16. POVERTY. Sen. Proxmire inserted the text of a debate involving Sargent Shriver and Sens. Clark and Scott over the antipoverty program which he recommended for both supporters and critics of OEO. pp. 14406-9
17. COSPONSORS. Senators Bartlett, McCarthy and Mondale were added as cosponsors of S. 3550, to provide a 25-cent-per-bushel export marketing certificate on wheat; and Sens. Tower, Morse, and Yarborough were added as cosponsors of S. 3097, to encourage and assist in the preservation and maintenance of historic structures. pp. 14397-8
18. INTERGOVERNMENTAL RELATIONS. Sen. Mansfield commended and inserted an article by Sen. Muskie, "The Challenge of Creative Federalism." pp. 14398-400
19. BALANCE OF PAYMENTS. Sen. Symington commended Secretary of Commerce Connor for pointing out "the growing danger incident to our continuing inability to handle the balance of payments problem." pp. 14404-5
20. FOREIGN AID. The Foreign Relations Committee reported on July 7, during adjournment, S. 3584 (an original bill), the foreign aid authorization bill (S. Rept. 1359). p. 14391
Sen. Inouye reviewed the accomplishments of our "economic and social assistance in South Vietnam" since 1954 including farm improvements. pp. 14441-2
Sen. Talmadge called attention to a "thank you" message to AID, the U. S. Congress, and the American people on behalf of the children of Latin America who benefited through the school feeding programs sponsored by AID. pp. 14442-5
21. FOREIGN TRADE. Sen. Williams, Del., inserted an article, "U. S. Wheat for the Reds," which he stated "calls attention to the fact that U. S. wheat is going to two Communist countries." p. 14406
Sen. McGovern called our policies with reference to sales of American grain to Communist countries "self defeating" and inserted an article supporting his views. pp. 14441

22. WATER RESOURCES. Passed as reported S. 2287, to authorize a five-year hydro-logic study and investigation of the Delmarva Peninsula. (pp. 14421-2) This bill had been reported with amendments on July 7, during adjournment (S. Rept. 1362). p. 14391
The Interior and Insular Affairs Committee reported with amendments S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States (S. Rept. 1368). p. 14393
Sen. Morse commended and inserted an article urging improved use of water resources in the Pacific Northwest and a Portland Chamber of Commerce resolution favoring water quality control for the Tualatin reclamation project, Oreg. pp. 14501-03
23. RECREATION. Passed as reported S. 3035, to establish a program for the preservation of historic properties throughout the Nation. (pp. 14490-93) This bill had been reported with an amendment on July 7, during adjournment (S. Rept. 1363). p. 14391
24. WATER POLLUTION. The Public Works Committee reported with an amendment S. 2947, to improve and make more effective certain programs under the Federal Water Pollution Control Act (S. Rept. 1367). p. 14393
25. FARM PROGRAM. Sen. Mundt criticized this Department for "lack of cooperation" in aiding farmers and inserted an article urging farmers to take an active part in solving agricultural "problems." pp. 14427-8
26. LEGISLATIVE PROGRAM. Made the pending business S. 3112, the proposed Clean Air Act Amendments of 1966. pp. 14493-4
27. SURPLUS PROPERTY. Passed without amendment S. 2610, to amend section 201(c) of the Federal Property and Administrative Services Act of 1949, to authorize the exchange or sale of personal property items and apply the proceeds of the sale or exchange allowance against the purchase price, except that before such sale or exchange is made the property shall be made available for transfer (1) to other Federal agencies for further utilization, or (2) made available for donation to health, education, civil defense, or research, or (3) traded in under the exchange sale provision of section 201 (c) of the Federal Property and Administrative Services Act of 1949, as amended. pp. 14418-9

ITEMS IN APPENDIX

28. WATER POLLUTION. Rep. Fascell inserted an address concerning the problems of water pollution. pp. A3577-8
29. FORESTRY. Rep. Sikes inserted an article, "Florida Newspaperman Wins Forestry Award." pp. A3585-6
30. WATERSHED. Extension of remarks of Rep. Moeller congratulating the citizens of his district for having finalized details for the construction of the first dam for the Margaret Creek watershed. pp. A3586-7
31. WORLD FOOD. Extension of remarks of Rep. Hanna urging cooperation between the U. S. Government and the food industry in the fight against malnutrition, and inserting an article presenting some of the latest work being done to combat malnutrition on the level of improved diets. pp. A3593-4
32. OPINION POLL. Rep. Fraser inserted the results of a questionnaire, including items of interest to this Department. pp. A3595-6

FOREIGN ECONOMIC ASSISTANCE

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ON

S. 3584

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT
OF 1961, AS AMENDED, AND FOR OTHER PURPOSES

TOGETHER WITH

INDIVIDUAL VIEWS

AND

MINORITY VIEWS



JULY 7, 1966.—Ordered to be printed

Filed under authority of the order of the Senate of June 30, 1966

U.S. GOVERNMENT PRINTING OFFICE

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Calendar No. 1324

89TH CONGRESS }
2d Session }

SENATE }

REPORT
No. 1359

FOREIGN ECONOMIC ASSISTANCE

JULY 7, 1966.—Ordered to be printed

Filed under authority of the order of the Senate of June 30, 1966

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

R E P O R T

[To accompany S. 3584]

The Committee on Foreign Relations, having had under consideration a bill (S. 2859) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, reports favorably an original bill (S. 3584) and recommends that it be passed by the Senate.

1. PURPOSES OF THE BILL

The main purpose of the bill is to provide authorizations for the economic assistance program for the 1967 fiscal year. Authorizations for the military assistance program are contained in a separate bill. A total authorization of \$2,351,762,000 has been approved, a reduction of \$117,200,000 from the \$2,468,962,000 appropriation request. It compares with an appropriation of \$2,463 million for the 1966 fiscal year. The bill also makes a number of substantive amendments in the Foreign Assistance Act of 1961, as amended.

2. MAIN PROVISIONS OF THE BILL

The following table compares the authorizations in the committee bill with the executive branch request and the appropriation for fiscal 1966:

Comparison of administration requests for fiscal year 1967 with fiscal year 1966 appropriation and authorization for fiscal year 1967 recommended by the committee

[In thousands of dollars]

	Administration request		Appropriation fiscal year 1966	Committee author- ization fiscal year 1967
	Annual au- thorization fiscal years 1967-71	Appro- priation fiscal year 1967		
Development loan fund.....	\$1, 250, 000	\$665, 388	\$618, 225	\$620, 000
Technical cooperation, development grants.....	(1)	231, 310	202, 355	210, 000
American schools and hospitals abroad.....	(1)	10, 989	7, 000	² 10, 989
Alliance for Progress.....	850, 000	543, 000	510, 125	543, 000
(Of which, grants).....	(100, 000)	(87, 700)	(75, 000)	(87, 700)
Southeast Asia multilateral and regional.....	(1)			³ (50, 000)
Grants to international organizations.....	(1)	140, 433	144, 755	140, 433
Supporting assistance:				
General.....	200, 000	197, 200	684, 200	700, 000
Vietnam.....	(1)	550, 000	(4)	(1)
Contingency fund, general.....	150, 000	70, 000	150, 000	70, 000
Southeast Asia (special authorization).....			89, 000	
Administrative expenses, AID.....	(1)	57, 387	54, 240	54, 240
Administrative expenses, State.....	(1)	3, 255	3, 100	3, 100
Total.....		2, 468, 962	2, 463, 000	2, 351, 762

¹ "Such sums as may be necessary."

² Plus \$1 million equivalent in excess foreign currencies.

³ Of funds available for other programs under the act.

⁴ Not separately identified; \$541,000,000 was programed for Vietnam in fiscal 1966.

The following is a summary of the major provisions of the bill:

1. A 1-year authorization has been provided for all assistance programs. The executive branch requested 5-year authorizations.

2. A new statement of policy would be added to the Foreign Assistance Act, placing the Congress on record as stating that the furnishing of economic or military assistance is not to be construed as creating a commitment, or as affecting any existing commitment, to use U.S. Armed Forces to defend another country.

3. New criteria are established for the development assistance program and the Alliance for Progress.

4. The number of countries eligible to receive assistance is limited as follows: (a) development loans, 10; (b) technical cooperation and development grants, 40; and (c) supporting assistance, 10. The limitations on development loans and grants do not apply to Latin America. Additional countries can be provided development loans and grants if the President deems it in the national interest and the countries to be added are approved by the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. Supporting assistance could be provided to additional countries by a Presidential determination of necessity, and the reporting of the action to the above committees.

5. The minimum interest rate on the second stage of development loans (i.e., after 10 years) is raised from 2½ to 3 percent.

6. Multilateral assistance is emphasized by requiring that 15 percent of the development loan funds be used through the World Bank group. Discretionary authority is provided for use of 15 percent of the Alliance for Progress funds through the Inter-American Development Bank or the World Bank group.

7. Authority is given for use of technical assistance funds to assist U.S. educational and research institutions in building up their potential to assist developing nations.

8. The investment guaranty program is extended for 1 year and a new limit is placed on coverage designed to prevent unjust enrichment from over-valuation of insured assets.

9. Fifty million dollars of the 1965 authorization for Latin American housing guarantees has been earmarked for pilot and demonstration projects.

10. Alliance for Progress loans can be made only to support national economic plans which have been approved by the Inter-American Committee for the Alliance for Progress.

11. New authority is provided to encourage regional cooperation in economic and social development in southeast Asia.

12. Technical and other assistance for control of population growth is specifically authorized. In addition, excess foreign currencies could be made available to requesting nations and private, nonprofit U.S. organizations for conducting voluntary family planning programs.

13. Authority is given to the President to enter into agreements for establishing and providing assistance to joint commissions on rural reconstruction in Asia and Africa.

14. The procurement of agricultural commodities outside the United States with aid funds would be prohibited if the domestic price of the commodity is less than parity.

15. Assistance for construction of any productive enterprise or for a military assistance program totaling more than \$100 million would be prohibited without the express approval of Congress.

3. COMMITTEE ACTION

On February 1, 1966, the President sent to the Congress a message on foreign aid for the 1967 fiscal year (H. Doc. 374, 89th Cong., 2d sess.), and transmitted the economic and military aid proposals as separate bills. Senator Fulbright introduced both bills, S. 2859 and S. 2861, on February 2. The Committee on Foreign Relations was at that time considering the President's request for a supplemental authorization of \$415 million for the 1966 fiscal year. Public hearings on this request were not completed until February 18 and the committee reported the bill, H.R. 12169, to the Senate on March 9.

Committee consideration of the new economic and military aid proposals began on April 4 with testimony in executive session by Secretary of State Dean Rusk and David E. Bell, Administrator, Agency for International Development. Public hearings commenced on April 6 with testimony from Mr. Bell. Secretary Rusk testified at public hearings on April 18 and May 9, accompanied both times by Mr. Bell. On April 20 and May 11, Secretary of Defense Robert S. McNamara testified in open session on the military assistance program. Assistant Secretary of State Lincoln Gordon testified on the Alliance for Progress and Latin American problems generally on May 2.

In addition to testimony from executive branch officials, on April 25, 27, and 29, the committee heard Senator Jacob K. Javits, Senator Joseph D. Tydings, former Ambassador John Kenneth Galbraith, and representatives of the following organizations:

National Association of State Universities and Land-Grant Colleges.

American Friends Service Committee.

American Book Publishers Council and the American Textbook Publishers Institute.

International Economic Policy Association.
 Citizens Foreign Aid Committee.
 Liberty Lobby.
 National Association of Home Builders.
 CARE-MEDICO
 Citizens Committee for UNICEF.
 Chamber of Commerce of the United States.
 Cooperative League of the United States of America.

Also, statements and letters for the record were received from:

Senator George McGovern.
 Senator Jack Miller.
 CUNA International, Inc.
 National Capital Humanist Association.
 Southern States Industrial Council.
 National Farmers Union
 National Council of Jewish Women, Inc.
 American Farm Bureau Federation.

The committee began consideration of the economic assistance bill in executive session on May 16 and on June 9, after 8 markup sessions, by a vote of 17 to 1, ordered a clean bill reported with the understanding that the committee would complete its consideration of the military assistance bill before deciding whether or not to report the bills separately. On June 16, after completing its markup of the military assistance bill, the committee voted 7 to 11 against consolidating the two bills.

4. COMMITTEE COMMENTS

The committee has made major changes in the aid program. The most important of these are to concentrate the program in fewer countries and to make greater use of multilateral mechanisms in extending aid.

For several years, the committee has exhorted the executive branch to make these and other changes. Some progress has been made administratively, but the change, in the committee's view, has gone neither far enough nor fast enough. The legislative provisions which the committee now proposes should accelerate the process.

Consideration of the aid program this year is also inevitably influenced by the war in Vietnam—a war which casts a very long shadow. Nearly one-half of all grant economic aid will go to Vietnam next year, for example. Many members of the committee feel that the United States is overcommitted, or in danger of becoming overcommitted, in the world at large.

The level of aid.—In its report (S. Rept. 1060, 89th Cong., 2d sess.) on the Supplemental Foreign Aid Authorization for fiscal 1966, the committee undertook a commitment to reduce the 1967 aid program to help pay for the cost of the war in Vietnam. The report stated in part:

Foreign aid should not remain sacrosanct when it comes to apportioning the war's financial costs among Federal activities. Belt tightening because of the war must not be restricted to domestic programs but should include our foreign aid programs as well. American citizens should not be called upon to accept reductions in programs which affect

their daily lives, see their taxes increased and war costs spiral, while the foreign aid program escapes unaffected and undiminished.

The committee has reduced the economic assistance authorizations for the 1967 fiscal year \$117,200,000 below the appropriation request, a reduction of less than 5 percent. Combined with the cut of \$25 million in the authorization for military assistance made by the committee, the total reduction in both programs is \$142,200,000 out of the \$3,385,962,000 appropriation request.

In the report on the supplemental authorization the committee asked that the presentation of the 1967 economic aid program to the committee reflect reductions which took into account the supplemental assistance provided to Vietnam. This was not done. The committee was told by administration witnesses that severe reductions had been made in preparing the program for presentation to the Congress but it appeared that these reductions were only the routine shearing down of field requests and did not amount to the net reductions urged by the committee. It is apparent from a comparison of the 1966 and 1967 programs that aid is not being cut back. Actually the size of the program is being increased. Excluding supporting assistance for Vietnam in both instances, the total economic aid program, including recoveries and carry-overs as well as appropriations in fiscal year 1966 is an estimated \$2,046,526,000 and a program of \$2,262,658,000 for 1967 has been proposed to Congress. After deducting the \$117,200,000 reduction made by the committee, the 1967 program will still be \$98,932,000 larger than that of fiscal 1966. Under the circumstances, the committee believes that the reductions it made were quite reasonable and were fully justified.

Separation of economic and military assistance.—The administration this year sent to the Congress separate bills for the economic and military assistance programs. The committee by a vote of 7 to 11 rejected a motion to consolidate the two bills.

A majority of the committee believes that handling programs by separate bills will allow each to stand on its own merits and that the public will gain a better understanding of the distinctions between the two programs. It has been argued that the economic aid program may be emasculated by the Congress if military assistance is not a part of the package. If the economic aid program is so distasteful to the public and the Congress, it should not continue to have a free ride on the back of military aid. Congress should have the opportunity to consider the program as a separate measure and shape it to more acceptable proportions if it is that unpopular. By keeping the two programs separate, as recommended by the administration, the committee hopes to give members of both the Senate and the House of Representatives an opportunity to express themselves clearly on the merits of each.

Length of authorization.—Mention should also be made of the committee's disapproval of the administration's request for a 5-year authorization for aid programs across the board. Members of the committee approached this basic question with mixed feelings. To many members the prospect of being relieved of a detailed review of the aid program each year had great temptation. In recent years foreign aid has absorbed a considerable portion of the time and energy

of the committee, time and energy which could be well spent examining important foreign policy issues and in carrying out in a more vigorous manner its responsibilities for legislative oversight.

The committee is somewhat less than eager when commencing its annual review of foreign aid. There has been considerable sentiment in past years to place more of the program on a multiyear basis, both to relieve the committee of some of this burden and to enable longer range planning by aid officials. On the other hand, some members who shared this view concerning the burdens imposed on the committee's time by aid legislation felt strongly that the Congress would be guilty of abdicating its responsibilities by authorizing a long-term program.

World developments within the last year have created a strong consensus in the committee on this question. A majority of the members of the committee feels that there should be at least an annual review by the policy committees of the Congress, at least until the world situation stabilizes somewhat. Aid as a factor in the U.S. involvement in Vietnam, the use of American arms by both sides in the recent India-Pakistan conflict, the persistent overselling of aid as a "cure-all" both to the American people and to foreigners, balance-of-payments problems—these and other factors have had the effect of merging the thinking of members who previously held opposite points of view on the merits of long-term authorizations. Therefore, the committee, by a vote of 11 to 5, decided to limit the authorization to 1 year for all programs.

Alternatives to aid.—Finally, the committee deems it appropriate to reaffirm its view that, despite the irritations, frustrations, and disappointments, the foreign aid program remains an essential instrument of American foreign policy and is likely to be so for some time to come. It is necessary and will continue to be necessary, for a transfer of resources to take place in one form or another between rich countries and poor countries.

The committee feels strongly, however, that more imagination and ingenuity should be brought to bear on the problem of how this can best be done.

"Trade not aid" was the byword of several years ago but, unfortunately, it proved to be more a slogan than a principle. Negotiations during the Kennedy round have shown that it is far easier to erect barriers to trade than it is to tear them down.

The rules and terms of international trade have greater significance than American aid to the countries of Latin America, Asia, and Africa. Concerted efforts should be made to move away from the giver-receiver relationships of aid, with all the psychological handicaps involved, in the direction of open, mutually advantageous trade relations. The committee hopes that the administration will give continuing study to new and imaginative methods for improving trade relations with these nations as a more effective way of assisting in their development.

5. SECTION-BY-SECTION ANALYSIS

PART I

CHAPTER 1.—POLICY

Section 101

This section would amend the statement of policy relating to economic assistance contained in section 102 of the Foreign Assistance Act of 1961, as amended, by adding the following sentence:

This Act, or the furnishing of economic, military, or other assistance under this Act or the Military Assistance and sales Act of 1966, shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country.

In the nearly two decades this committee has studied aid bills each year it never considered that economic or military assistance to another country could in any way constitute a commitment of U.S. military forces. However, administration officials have in recent months suggested that the provision of foreign assistance to Vietnam over the years is one component of the overall U.S. commitment to that country. The committee cannot agree with any such interpretation of its intent in recommending the Senate's approval of aid legislation each year. It was recommending aid, and nothing more.

The committee's statement of policy makes it clear that it is intended in no way to detract from any existing commitment to Vietnam or to any other country. Neither is the foreign assistance program to be used in the future as a substitute for a treaty or other constitutional commitment of U.S. military forces regardless of the size, scope or duration of the aid program in any country.

The American people must be reassured that furnishing foreign aid does not constitute a back-door commitment of military forces to a potential series of brushfire wars in countries throughout the world. In addition, aid recipients need to be put on notice that regardless of the extent of aid, they should in no way interpret U.S. generosity as a promise to help with military forces in time of trouble.

This statement of policy should help clear the air for the public, the Congress, the executive branch, and every country which is or may become a recipient under the foreign assistance program.

CHAPTER 2.—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Section 102(a)(1). Loan Criteria

This section amends section 201(b) of the Foreign Assistance Act by adding the following three new criteria to the factors to be taken into account in making development loans:

(1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise.

(2) The degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through encouragement of maximum private owner-

ship in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, through adequate protection of industrial property rights (such as patents and trademarks).

(3) Whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

These criteria are self-explanatory and are in addition to the six criteria now in the act. Two of the new criteria were included in last year's Senate foreign assistance bill as principles to be taken into account in shaping a new aid program. The committee believes that the new criteria are reasonable objectives for the aid program.

Section 102(a)(2). Limitation on Countries to Which Loans Can Be Made

This section limits to 10 the number of countries outside Latin America to which development loans can be made except through the World Bank and its affiliates. AID has firm plans to make loans to only 10 countries in fiscal 1967. Three additional countries are "eligible" for development lending and the committee was advised that the total countries to which loans might be made in fiscal 1967 might be 18 or 19 after distribution of \$18,200,000 programed for lending to several unspecified African countries. AID made development loans to 19 countries in the 1966 fiscal year.

The committee bill incorporates a procedure which will permit loans to be made to additional countries above the limit of 10 if (1) the President makes a finding that the loan to the country is in the national interest and submits a report giving his reasons therefor to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and (2) each of these committees adopts a resolution approving the making of the loan or loans to that country. This will provide flexibility to make loans in countries above the basic limit of 10 but only after the appropriate committees of the Congress have approved the proposal. The requirement follows the pattern under existing law for approval of certain public building and watershed projects by congressional committees.

The committee hopes that the adoption of this amendment will encourage AID officials to concentrate their efforts by providing assistance to a smaller group of countries which are in a position to use aid most effectively. The committee does not believe that the national interest is served merely by establishing, as AID does in too many countries, an aid "presence" that makes little, if any, permanent contribution toward solving economic and social problems. It is the view of the committee that maximum effectiveness per dollar of aid can be achieved only by concentration of effort. This limitation is a modest step in that direction. It does not apply to assistance provided through the multilateral lending agencies and the committee hopes that its imposition will have the effect of stimulating greater interest in channeling more aid through the World Bank group.

Section 102(b). Interest Rate on Development Loans

Under existing law there are two interest rates for development loans. A rate of not less than 1 percent is charged for the period no longer than 10 years from the time the loan is made, and for the remainder of the loan term a rate of not less than 2½ percent is

required. This section amends section 201(d) of the act to increase the minimum interest rate for the second stage of the loan from $2\frac{1}{2}$ to 3 percent.

The committee considered at some length a proposal to raise the interest rate to that which would equal the cost to the Federal Government of its long-term borrowings. Although no long-term Treasury bonds are being issued at the present, the market yield on outstanding issues with 20-year maturities averaged $4\frac{3}{8}$ percent for the first 11 months of the 1966 fiscal year. The committee recognized that an increase of this magnitude would have a considerable impact on the development loan program and would in effect place the program on a self-sustaining basis after the 10-year grace period minus administrative costs and assuming no losses. However, the committee does believe that the prevailing high interest rates in this country call for adjusting the minimum interest on development loans to narrow the gap between what the Federal Government and the American taxpayer must pay on money they borrow and the interest the foreign government must pay for loans under the program.

The subsidization rate on development loans, on the basis of the $4\frac{3}{8}$ percent average rate in fiscal 1966 on long-term Treasury issues, is $3\frac{3}{8}$ percent for the first 10 years and $1\frac{1}{8}$ percent for the remaining period of the loan. Market yields on long-term Treasury issues are actually about $4\frac{3}{4}$ percent at present. In 1964, when the Congress raised the minimum rate on the second stage of development loans from 2 to $2\frac{1}{2}$ percent, the average rate for long-term Treasury borrowings was $4\frac{1}{8}$ percent. In view of the significant increase in the cost of Government and private borrowings since then, the committee believes that the increase of one-half of 1 percent is fully justified.

Section 102(c). Authorization for the Development Loan Fund

The committee recommends approval of an authorization of \$620 million for the Development Loan Fund for the 1967 fiscal year. The President requested an authorization of \$1,250 million for each of the 5 fiscal years from 1967 through 1971, and submitted an appropriation request for fiscal year 1967 of \$665,388,000. Therefore, the recommended authorization is \$45,388,000 below the appropriation request.

The committee approved only a 1-year authorization for the development loan program in order to insure that both the authorizing and the appropriations committees will have an opportunity to review the program next year.

With anticipated carryovers, repayments, and recoveries the authorization of \$620 million will finance a total Development Loan Fund program in 1967 of \$848,862,000. It should be pointed out that this program is separate from the development lending program under the Alliance for Progress, which is discussed below.

In section 102(c)(2), the bill extends through June 30, 1967, the requirement that at least 50 percent of development loan funds be used to encourage economic development through private enterprise.

Section 102(d). Use of International Lending Organizations

This section would amend section 205 of the Foreign Assistance Act relating to the use of international lending agencies for the channeling of development loan funds to underdeveloped countries. Section 205 now authorizes the President, at his discretion, to transfer

up to 15 percent of the funds made available for development lending for use through the International Bank for Reconstruction and Development or its affiliates, the International Development Association and the International Finance Corporation. The amendment to this section would permit use of 15 percent of the development loan funds only through these organizations. In other words, 15 percent of the loan funds would be available only for transfer to the multilateral lending agencies and could not be used for regular bilateral lending by AID.

Last year the committee recommended that the President be authorized to use up to 20 percent of the Development Loan Fund through the World Bank group. This figure was reduced to 15 percent in the authorization bill as finally enacted. The committee believed then, as it does now, that there are compelling reasons for placing more aid on a multilateral basis through the international lending agencies. These agencies are able to enforce higher economic standards and also to avoid the political pitfalls inherent in a bilateral aid relationship. Unfortunately, last year, as has been the case in previous years, restrictive language in the Foreign Aid Appropriations Act prevented the use of the transfer authority by the President.

The committee hopes that its action in earmarking funds may be helpful in stimulating the Congress to be consistent on both the authorization and the appropriation bills and allow the President to use the facilities and expertise of the World Bank group in administering a small portion of the total aid effort.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

Section 103(a)(1). Additional Criteria for Technical Cooperation and Development Grants

This section amends section 211(a) of the Foreign Assistance Act, which contains the general authority for technical cooperation and development grants, by adding the following two new criteria for the President to consider in determining a country's eligibility for this type of aid: (1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (2) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

The criteria are self-explanatory and are the same as two of the three new criteria to be added to the Development Loan Fund program by section 102(a)(1) of this bill. They were approved by the Senate in last year's foreign aid bill as principles to be taken into account in the formulation of a new aid program.

Section 103(a)(2). Limitation on Countries

This section amends section 211(a) of the act by limiting to 40 the number of countries which may be provided technical cooperation and development grants in 1 year. However, countries can be added above the limit if the President recommends such action to the Committee on Foreign Relations and the House Committee on Foreign Affairs and each of the two committees adopts a resolution approving the addition of the country. It is the same procedure prescribed in section 102(a)(2) of the bill for making additional countries above the

limit of 10 eligible for development loans. The procedure requiring approval by committee resolution is adopted from that followed for approval of certain public buildings and watershed projects.

This limitation does not include the nations of Latin America programed to receive technical assistance under the Alliance for Progress. Outside of Latin America AID proposed technical cooperation and development grant programs in 47 countries in fiscal 1967—plus 6 regional programs. Of the 47 country programs proposed, 19 are for less than \$1 million.

The committee believes that the program could be more effective if it were not so diffuse. The amounts programed for many countries in the 1967 fiscal year are so small that the result can be little more than an American aid "presence." The committee cannot support this concept of spreading a little aid to a large number of countries. This small cutback in countries will make the program more effective in the long run.

The committee points out that this limit does not apply to assistance through the multilateral agencies and hopes that this action will serve to emphasize the advantages of administering a greater portion of the aid program through the international agencies.

Section 103(a)(3). American Educational and Research Institutions

This section authorizes the use of technical cooperation and development grant funds to help U.S. research and educational institutions develop the resources likely to be needed in carrying on the assistance program abroad.

The committee supports the view that educational institutions presently performing technical assistance programs under contract with AID need funds to strengthen their staffs and facilities, with separate grants for actual projects. This will lessen the chance of conflicts arising between their domestic and international obligations. As Dr. John T. Caldwell, spokesman for the National Association of State Universities and Land-Grant Colleges, told the committee:

It is essential that in the process of staffing oversea operations with our better scientists and administrators we do not destroy the continuity of research and extension programs at home.

With this objective in mind the committee expects AID to utilize a grants-in-aid system similar to that which has been so successful in the development and support of agricultural experiment stations.

An amendment relating specifically to grants for adaptive research programs in agriculture was considered by the committee but it was felt that the bill contains adequate authority to achieve the objectives of the amendment. The committee believes that in countries where food production is not keeping pace with the demands of expanding populations, or where diets are seriously deficient, high priority should be given to promoting agricultural development, particularly programs to establish or expand research designed to adapt existing knowledge and techniques to new situations.

Use of Alliance for Progress technical cooperation funds for assisting research and educational institutions for the same purpose is authorized by section 105(a)(1)(ii) of this bill, discussed below. It is the committee's understanding that AID plans to use approximately \$10 million for this new program in the 1967 fiscal year.

In approving this new program the committee wishes to emphasize that it should not duplicate in any way other programs for assisting U.S. colleges and universities, such as those which may be initiated under authority requested in the proposed International Education Act now pending in the Congress.

Section 103(b)—Authorization

The committee has approved an authorization of \$210 million for technical cooperation and grants in areas other than Latin America for the 1967 fiscal year. The President requested an open-end authorization for this program for fiscal years 1967 through 1971, with an appropriation of \$231,310,000 for 1967.

The sum of \$210 million in the committee bill is the same as the authorization last year. With recoveries and carryovers this amount will support a program of \$246,690,000 in the 1967 fiscal year.

Section 103(c). American Schools and Hospitals Abroad

This section amends section 214(c) of the act by authorizing the appropriation of \$10,989,000 for American-sponsored schools and hospitals abroad in the 1967 fiscal year. This is the amount of the appropriation request and compares with an appropriation of \$7 million for the 1966 fiscal year. The President had requested an open-end authorization for the next 5 fiscal years.

In addition to the regular program, the committee has recommended authorization of an appropriation of the equivalent of \$1 million in excess foreign currencies. It is the committee's intention that this sum be used to support the work being carried out in Israel at the medical center sponsored by the Hadassah Medical Relief Association, Inc.

The committee, by failing to cut the appropriation request, has reaffirmed its support for the work being done by the American-sponsored institutions which receive assistance under this program. They make a significant contribution to economic and social development in the areas where they are located.

TITLE III—INVESTMENT GUARANTEES

Section 104(a). General Authority

Section 104(a)(1) amends the fourth proviso to section 221(b)(2), which relates to the termination date for the authority to issue extended risk guarantees, by extending the termination date 1 year from June 30, 1967 to June 30, 1968. The administration had requested extension of this provision through 1973.

Section 104(a)(2) rewrites section 221(c) of the act relating to the extent of loss for which reimbursement may be made under the investment guarantee program. The amendment would restrict the amount of the guarantee to the " * * * actual dollar investment, as of the date of the investment, * * * plus earnings or operating profits actually accrued * * *." The purpose of the amendment is to prevent unjust enrichment of any investor whose assets are insured under the guarantee program. The committee is concerned about the possibility that the language in existing law could result in investors being made more than whole following loss. It intends with the new test to prevent the investor from being put in a better position following a loss than he was at the time the guarantee was issued.

The basic objective of this amendment is to insure that sound valuation procedures are followed by AID in administering the program. If adequate safeguards are not imposed, there is always potential for fraud and manipulation in the computation of asset values for loss purposes. Hopefully, this amendment will go far toward eliminating this potential.

Although the committee has restricted the limits of the guarantee program, it has not done so out of disappointment in the manner in which the program has been operated, but out of concern that with increased investor interest the likelihood of attempts to overvalue assets will multiply. In imposing the new restriction the committee had in mind widely publicized abuses which occurred in the housing insurance program in past years and is taking this step to tighten the insurance limits to safeguard against the possibility of such fraudulent practices developing in the guarantee program.

Section 104(b). Latin American Housing Guarantee Program

Section 104(b)(1) would amend section 224 of the act, which authorizes issuance of guarantees for housing projects in Latin America by earmarking for guarantees on pilot or demonstration housing projects \$50 million of the \$150 million increased authorization provided by the Foreign Assistance Act of 1965.

As of May 31, 1966, AID had made commitments for issuance of \$239,999,750 in guarantees on housing projects in Latin America out of the \$250 million authorized prior to 1965. The guarantees cover 43,223 housing units in 50 projects. The committee's action will insure that at least \$50 million of the additional authorization voted by Congress last year is made available for pilot and demonstration projects. The remaining \$100 million will be available for the other types of projects specified in section 224(b)—e.g., those sponsored by savings and loan institutions, labor unions, and cooperatives.

The Latin American housing guarantee program would be extended for 1 year by section 104(b)(2). The President requested extension of the program through the 1971 fiscal year and the committee has approved an extension from June 30, 1967 through June 30, 1968.

It is the committee's opinion that the administration should proceed to issue these guarantees to the full amount available under the law. If, however, there are felt to be overriding balance of payments or other reasons for imposing a lower limit administratively, then the reduction should be made proportionately among the various types of projects, consistent, of course, with the statutory language.

TITLE VI—ALLIANCE FOR PROGRESS

Section 105(a)(1)(i). New Criteria for Aid Under the Alliance for Progress

Additional criteria for the President to consider furnishing assistance under the Alliance for Progress, identical, with one exception, to that approved for the development loan program, have been recommended by the committee. The exception is aimed at Latin America and is designed to encourage economic and political integration of the region. The new criteria to be added to the four now in the act are—

- (1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of

the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(2) The degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through encouragement of maximum private ownership in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, and through adequate protection of industrial property rights (such as patents and trademarks);

(3) Whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and

(4) The extent to which the activity to be financed will contribute to the economic or political integration of Latin America.

The committee believes that these are reasonable and desirable objectives which the President should take into account in making aid determinations under the Alliance for Progress.

Section 105(a)(1)(ii). Alliance for Progress Grant Funds for Assisting U.S. Educational and Research Institutions

This provision authorizes use of Alliance for Progress grant funds for assisting American research and educational institutions to build up their capacity to help in the development process on the same basis as technical cooperation and development grant funds may be used, as authorized in section 103(a)(3). The committee's comments on that section apply equally to this section.

Section 105(a)(2). Emphasis on Multilateralism in Alliance for Progress

This section would introduce two new elements into the Alliance for Progress, both designed to move it further in the direction of multilateralism.

First, it would provide that Alliance for Progress loans may be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP). The effect would be that before a country could participate fully in the Alliance it would have to make a national economic plan which would be approved by the Alliance's international body. CIAP would not be given the power to control American aid; it would be given only a limited veto in the sense that if it did not approve a country's plan, that country could receive no U.S. loans. CIAP, consisting of six distinguished Latin Americans and one North American, is in a better position than AID or the State Department to insist on rigorous Latin American compliance with the standards of the Alliance. The requirement would not apply to grant aid; i.e., to technical assistance or to emergency assistance to meet unforeseen contingencies.

Second, the section would authorize the transfer of up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank or to the World Bank or its affiliates. This is analogous to the authority presently existing in section 205 for the transfer of development loan funds to the World Bank or its affiliates.

The President would be given discretion to transfer loan funds for distribution through the international lending agencies, whereas under the amendment to section 205 of the act contained in section 102 (a)(2) of this bill, relating to the development loan program, 15 percent of the funds appropriated would be available only for transfer to the international institutions.

Under this authority, if the Congress appropriates the full authorization for the Alliance for Progress, the President could transfer up to \$81,450,000 to the Inter-American Development Bank or the World Bank group for use in Latin America.

Section 105(b). Authorization

The committee has approved a 1-year authorization of \$543 million, the amount of the appropriation request, for the Alliance for Progress. Of this amount, \$87,700,000, also the appropriation request, will be available for grants. The administration requested an authorization of \$850 million for each of the next 5 fiscal years and proposed that \$100 million of this amount be authorized to be available annually for grants.

The fact that the Alliance for Progress is the only major non-U.N. aid program which the committee did not cut demonstrates the committee's support for the program. Although the results over the last 5 years have not been as dramatic as we and our Latin-American partners would have liked, there has been considerable progress and the committee believes that the results justify authorization of the full amount of the budget request.

The \$543 million authorization plus recoveries and receipts will support a total alliance program of \$595 million in fiscal year 1967, of which \$95 million will be for grants.

Section 105(b)(2) strikes out an obsolete provision which related to the method of presenting past programs to Congress.

Section 105(b)(3) extends through June 30, 1967 the requirement that not less than 50 percent of the loan funds appropriated for the Alliance for Progress shall be used to encourage economic development through private enterprise.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

The bill, in section 106, adds a new title to the act to emphasize the concern of the United States, as expressed in the President's speech at Johns Hopkins University April 7, 1965, for the regional development and integration of southeast Asia.

Assistance is authorized, on either a grant or a loan basis, through such institutions as the International Bank for Reconstruction and Development, the Asian Development Bank, consortia which may be organized for particular programs or projects, or regional arrangements such as the Mekong development program.

Although requesting the authority contained in this new title, the administration did not seek an appropriation for these purposes in fiscal 1967. The committee has authorized the use of not to exceed \$50 million of funds made available for other programs under the act, so that if opportunity presents itself, the United States will be able to take advantage of it.

The committee earlier this year strongly recommended U.S. participation in the Asian Development Bank and is well aware of the need for a coordinated aid effort in southeast Asia. By approving this new authority the committee reaffirms its support of efforts to find more effective means than are now available for improving economic and social conditions in that troubled area.

CHAPTER 3.—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 107 of the bill makes two technical amendments in chapter 3 of the act, relating to international organizations and programs, and also authorizes appropriations for fiscal 1967.

Section 107(a) broadens the existing authority of section 301(a) of the act so as to make it possible to extend loans, as well as grants, to the Indus Basin development fund administered by the International Bank. It is contemplated that an appropriation for a loan will be sought in fiscal 1968.

Section 107(b) of the bill substitutes a reference to the "United Nations Development Program" for a reference to the "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund." This reflects a change in U.N. nomenclature.

Section 107(c) of the bill amends section 302 of the act to authorize \$140,433,000 for international organizations and programs in the 1967 fiscal year. This is the amount of the appropriation request and compares with an appropriation of \$144,755,000 for the 1966 fiscal year. The President requested an open-end authorization for 5 years for this program.

With funds carried over from 1966, the committee authorization will provide for a 1967 program of \$144,553,000. This is the source of the U.S. voluntary contributions to a variety of U.N. and other international programs. The most important of these in fiscal 1967 are the U.N. Development Program (\$70 million), the Indus Basin Development Fund (\$33 million), the U.N. Relief and Works Agency for Palestine refugees (\$14 million), and the U.N. Children's Fund (\$12 million).

CHAPTER 4.—SUPPORTING ASSISTANCE

Section 108(a). Limitation on countries to receive assistance

This section amends section 401, relating to general authority for the supporting assistance program, by placing a limit of 10 on the number of countries which can be provided assistance in any fiscal year. However, the President can add more countries when he determines that it is in the national interest. The determination, and the reasons for it, are to be reported to the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

The administration proposed to provide supporting assistance to 13 countries in 1967. By adopting the limitation of 10, the committee hopes to encourage retrenchment in the number of countries included in this program. On the basis of the information presented thus far, the committee is unable to appreciate the importance of continuing supporting assistance to several of the countries programed for 1967. But the committee recognizes that unforeseen situations may occur. It has, therefore, approved a procedure which will permit the addition of other countries by the President.

Section 108(b). Authorization

The administration requested an authorization for supporting assistance of \$200 million a year for the next 5 fiscal years plus an open-end authorization for 5 years for supporting assistance for Vietnam. Authority was also requested to transfer Vietnam supporting assistance funds for use in defraying administrative expenses in connection with that program. The appropriation request was \$550

million for Vietnam and \$197,200,000 for non-Vietnam programs, or a total of \$747,200,000.

The committee recommends approval of a 1-year authorization of \$700 million for the entire program. This represents an increase of \$15,800,000 above the authorization and appropriation for the 1966 fiscal year, including the supplemental approved by Congress earlier this session.

Authority to use supporting assistance funds for administrative expenses in connection with the Vietnam program has been rejected. It is the committee's view that there should be sufficient economizing in other aspects of the administrative program to provide any additional expenses required for Vietnam. The committee has noted that the authority provided in the Supplemental Foreign Assistance Authorization Act (approved March 18, 1966) for transfer of up to \$1,400,000 in supporting assistance funds to pay for extra administrative expenses in Vietnam in fiscal 1966 was not implemented by the required Presidential determination until June 8, almost 3 months after it passed Congress. Yet the request for these funds was presented to the committee on an urgent basis. It would appear that the requirement for additional administrative expenses for Vietnam was somewhat less urgent than stated.

The committee is deeply concerned over continued reports of widespread corruption and misuse of U.S. aid and military funds in Vietnam. It is recognized that in a war situation some corruption is inevitable. However, nearly one-half of the total grant funds for fiscal 1967 will be spent in Vietnam. Of the \$550 million in supporting assistance programmed only a small portion will be devoted to economic and social development. The bulk of the funds will be used to shore up the country's economy and to prevent inflation from getting completely out of control.

The committee understands the necessity for this division between an economic palliative and a potential cure but regrets that the proportion cannot be reversed. In view of the fact that most of the aid funds will continue to be used to finance the commodity import program instead of in development-type aid programs the committee expects that adequate steps will be taken by all appropriate investigative arms of the Federal Government to see that none of these funds is siphoned off to create more rich Vietnamese.

CHAPTER 5.—CONTINGENCY FUND

Section 109(a). Authorization

This provision authorizes an appropriation of \$70 million for the contingency fund for the 1967 fiscal year. This is the amount of the appropriation request, though the administration had asked for an authorization of \$150 million for each of the next 5 fiscal years. The Congress authorized \$50 million for the regular contingency fund and \$89 million for use in southeast Asia in the 1966 foreign aid authorization bill. An additional \$100 million for the contingency fund was authorized by supplemental legislation.

The committee understands that little of this additional \$100 million will be used before the end of the fiscal year. In view of this, the committee's recommended authorization is actually an increase over the amount required this fiscal year for non-Vietnam operations.

Subsections 109(a)(2) and 109(b) delete obsolete provisions in the act relating to the separate contingency fund for southeast Asia.

CHAPTER 6.—ASSISTANCE TO NONINDUSTRIALIZED COUNTRIES

Section 110. Population Control

Section 110 of the bill adds a new section 462 to the act, to authorize specifically the use of funds for furnishing a country, at its request, with technical or other assistance for the control of population growth. Section 241(b) of the act now authorizes research into the problems of population growth but the committee believes that AID officials have taken too conservative an attitude toward use of this authority. About \$10 million is programed for work on population control problems in fiscal year 1967.

The committee is deeply concerned about the impact of population growth on the developing countries. Many of the benefits from aid are offset by population growth. Unless greater progress is made in control programs even massive aid will be relatively ineffective in raising living standards in many underdeveloped countries. Because of population growth too many developing nations are like the country described by the Queen in "Alice in Wonderland" where "it takes all the running (they) can do, to keep in the same place."

This new authority, plus that contained in section 201(c) of the bill, is intended to give impetus to efforts in this field. The committee will follow closely the work of the Agency for International Development in implementing these sections and will expect to see a significant increase in activity by the time of the next Congressional presentation.

CHAPTER 7.—JOINT COMMISSIONS ON RURAL RECONSTRUCTION

Section 111 of the bill adds a new chapter authorizing the President to conclude agreements with underdeveloped countries in Asia and Africa for the establishment of Joint Commissions on Rural Reconstruction. If any such agreements are concluded, the President can make up to 10 percent of the total development grant and technical cooperation funds available for use by such joint commissions. For fiscal year 1967 the amount that could be used for this purpose could not exceed \$21 million.

The committee was motivated to include this provision in the bill because of the success of this type of arrangement in connection with U.S. aid programs to Nationalist China. The Joint Commission on Rural Reconstruction in China, authorized by the China Aid Act of 1948, has been one of the most successful ventures of the United States in aiding underdeveloped countries. Had the program been started earlier in mainland China, it might have helped weaken the appeal to the peasants of the Chinese Communists.

The advantages of this approach are twofold. First, the organizational technique can become a practical means for isolating efforts at agricultural development from the vagaries of political change so common in the newer nations of Asia and Africa. Second, it can provide a means whereby American aid can be made available directly to the people of a recipient country without being channeled through bureaucracies.

The language of this chapter is permissive. But the committee expects the administration to examine the methods of the Chinese program of rural reconstruction, to consult with individuals who had

experience in that program, and to explore with vigor the possibility of adapting this method for dealing with rural problems in such countries as South Vietnam. The committee will expect a full report on experience with this approach before acting on the fiscal year 1968 aid bill so that it may be determined whether the language should be made mandatory.

PART III

CHAPTER 1.—GENERAL PROVISIONS

Section 201(a). Procurement of Agricultural Commodities

Two changes are made in the provisions of the act relating to the procurement of agricultural commodities.

Section 604(c) now provides that surplus agricultural commodities to be transferred by grant are to be procured only within the United States except to the extent that they are not available in sufficient quantities. In conformity with amendments proposed by the administration in a pending revision of Public Law 480 (the Agricultural Trade Development and Assistance Act), the reference to "surplus" commodities has been deleted and the requirement has been made applicable to "any agricultural commodity or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended." The effect of this change will be to broaden the class of commodities to which the U.S.-procurement provision applies.

The committee has also added a new subsection (e) to section 604 which prohibits procurement of any agricultural commodity or product outside the United States with aid funds when the domestic price of that commodity is less than parity. The committee does not wish to have aid funds used at any time for procurement of agricultural commodities abroad as long as American farmers are receiving less than parity for that product. The purpose is to make it abundantly clear that the aid program is not to be administered so as to depress or adversely affect U.S. farm prices.

Section 201(b). Advance Acquisition of Property

Section 608 of the act authorizes a separate revolving fund of \$5 million in technical assistance funds for the advance acquisition of excess Federal property likely to be needed in the aid program. As the law now reads, this fund may be used to pay costs of "acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs." This has been interpreted not to include personnel costs. Section 201(b) of the bill amends section 608 of the act to make it clear that personnel costs may also be paid from the revolving fund in connection with the advance acquisition of surplus property.

Section 201(c). Use of Excess Foreign Currencies for Population Control

This section would amend section 612 of the act, which relates to the use of foreign currencies, by authorizing use of excess foreign currencies by friendly foreign governments and private, nonprofit U.S. organizations for carrying out voluntary family planning programs. The President must be assured that reasonable precautions will be taken to see that assistance is given only to persons who desire help. A maximum of 5 percent of the total excess foreign currencies on hand in all countries could be made available in any year for the program in one or more countries.

The committee hopes that this amendment will stimulate greater efforts in population control in those countries where we hold excess currencies, though it is not contemplated that these programs will be carried on in each such county. The following are the countries in which the United States holds excess foreign currencies:

Burma	Pakistan
Ceylon	Poland
Guinea	Tunisia
India	United Arab Republic
Israel	Yugoslavia

This amendment was considered by the committee at the same time as the amendment in section 110(b) of the bill and the comments under that subsection apply here also.

Section 201(d). Reports by the President

This provision would amend section 614(c) of the act by requiring the President to report to the Speaker of the House and to the chairman and ranking minority member of the Senate Committee on Foreign Relations on his use of the confidential funds which are now authorized in the amount of \$50 million by section 614(c). The committee, in the military assistance bill, approved the reduction of this amount to \$25 million in economic and \$25 million in military funds.

The law authorizes the President to use these funds "pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts."

This is the only important provision of the act on which the President is not required to make some kind of report to Congress. Most of these reports, many of which are classified, are made to the Speaker of the House and to the Committees on Appropriations and Foreign Relations of the Senate. In view of the sensitivity of the subject matter, the proposed amendment would require reports on the use of confidential funds only to the Speaker and to the chairman and ranking minority member of the Senate Foreign Relations Committee.

Section 201(e). Prohibition of Assistance on Large Projects Without Approval of Congress

This provision would amend section 620(k) of the act to broaden and make permanent the temporary prohibition against the initiation of very large projects.

This prohibition had its origin in 1963 in the concern of Congress over the proposed Bokaro steel mill in India. As originally enacted in 1963, the subsection read as follows:

Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

In 1964, this prohibition was extended to 1965; but it has not been again extended and has not been operative since September 6, 1965, the date of enactment of the Foreign Assistance Act of that year.

The new provision would require, from now on, the express approval of Congress for the initiation of these very large projects.

It would also broaden the existing law to include grant military assistance programs which will amount in aggregate to more than \$100 million. The purpose is to attempt to provide an additional safeguard against programs which begin small and grow to major commitments.

With respect to military assistance, the committee intends the restriction to apply to executive agreements for new programs or for substantial modifications of existing programs where the U.S. commitment is for more than \$100 million even though spread over several years. The agreements for military assistance to Spain and Pakistan are historical examples.

CHAPTER 2. ADMINISTRATIVE PROVISIONS

Section 202(a) of the bill makes technical amendments in section 622 of the act, which relates to coordination with foreign policy, to reflect the separation of legislative authority for economic and military assistance and also the sharper distinction between military assistance and military sales made by the military aid bill.

The committee wishes to make it absolutely clear that these changes in the law are only technical and do not change in the slightest the overriding authority of the Ambassador abroad and the Secretary of State at home.

Section 202(b) makes a technical amendment in section 635(h) of the act which provides that technical assistance, development research, and Alliance for Progress contracts may extend for not more than 5 years. The amendment would limit this authority, in the case of the Alliance for Progress, to technical assistance funds (excluding development loans).

Section 202(c). Authorization for Administrative Expenses

This section amends section 637(a) of the act, to authorize the appropriation of \$54,240,000 for administrative expenses of the economic assistance program in the 1967 fiscal year. The administration had requested an open end authorization for the next 5 fiscal years.

The amount approved is a reduction of \$3,147,000 from the appropriation request and is the same as the appropriation for the 1966 fiscal year. The committee feels that the AID administrative apparatus should not be spared from the fiscal belt tightening necessary because of the war in Vietnam and that this reduction from the budget request is very moderate, under the circumstances. AID estimates a carryover of \$750,000 from the current fiscal year which will make a total of \$54,990,000 available for administrative expenses in the coming year.

An authorization of \$3,100,000, the same as the appropriation for fiscal 1966, has been approved for Department of State administrative expenses related to foreign aid. The committee bill amends section 637(b) to eliminate the open authorization for these expenses and limit the authorization to the 1967 fiscal year in the amount stated. The appropriation request for this item is \$3,255,000.

6. INDIVIDUAL VIEWS OF MR. CLARK

Despite my dissent from a number of amendments made in the committee—in particular, the increase in interest rates, the elimination of 5-year authorizations, and the country number limitations—I joined in voting to report the economic assistance bill. My sole purpose in filing these individual views is to express my deeply felt concern and disappointment about the growing disparity between this Nation's dwindling foreign aid effort and the world's increasing need.

During the height of the Marshall plan, more than 15 years ago, the United States annually devoted nearly 2 percent of its gross national product to foreign economic assistance. The program authorized in the pending bill is roughly one-sixth as large, or about one-third of 1 percent of our GNP.

This sharp cutback is justified neither by a decrease in the need for foreign aid, nor by a reduction of this country's capacity to support a foreign aid program. The very opposite is the case on both counts. Our gross national product was \$260 billion in 1949. Estimates for 1967 are in the neighborhood of \$720 billion—more than 2½ times as great. Meanwhile the need for foreign aid, spurred by the worldwide population explosion, has grown progressively more acute. It is a cliché to observe that the rich nations have been getting richer and the poor nations have been getting poorer—yet that is precisely the case. Nearly a billion human beings, most of them inhabitants of Asia, Africa, and Latin America, have an average annual income of less than \$100. The figure for the United States is more than 25 times larger.

In order to prevent the gap between the need and the effort from widening still further, I offered an amendment in the committee granting authority to expend up to 1 percent of our GNP for foreign economic aid. This amendment was designed to implement a recommendation made by the Committee on Technical Cooperation of the White House Conference on International Cooperation, and is consistent with the United Nations resolution which calls on all developed countries to devote 1 percent of their GNP for development assistance. Fourteen votes were cast against the amendment; only one, my own, was cast in favor.

In part I suspect that our backsliding since the days of the Marshall plan has been due to the unrealistic expectation that the need for foreign aid would shortly come to an end. This is simply not going to happen. As James A. Perkins, the distinguished president of Cornell University and Chairman of the President's Advisory Committee on Foreign Aid has written:

We are not discussing a problem to be solved in a year or even a decade. We must consciously adopt a program that will last for the rest of the century—and perhaps into the next. The annual debate on the continuation of foreign assistance is both absurd and misleading. It only confuses

our purposes, increases impatience, obscures the issues, and inhibits success. We might as well have an annual review of the wisdom of having a public school system.

I wholeheartedly agree.

It seems to me that a sharp distinction should be made between our foreign economic aid programs and our foreign military aid programs, and for that reason I am pleased that the committee has chosen to report out separate bills. In my judgment the committee has been almost as generous with military aid as it has been niggardly with economic aid. I do not question the need for military assistance programs, but rather the emphasis. In the long run we shall measure both our security and the extent of the acceptance overseas of American principles of freedom and democracy not by the value of the armaments we have given away but by the extent to which the underdeveloped nations of the world have, with our help, achieved a better life for their people.

JOSEPH S. CLARK.

7. MINORITY VIEWS OF MR. MORSE

FOREIGN AID AND FOREIGN POLICY

To the extent that foreign aid has been a tool of American foreign policy, it has been a costly and highly ineffective tool. At best, it has helped some countries at an extravagant price to the American taxpayer; at worst, it has sucked the military forces of the United States into foreign lands where we believed our prestige was involved because we had expended lavish aid on a particular political faction.

The Congress cannot escape the full responsibility for the direction, the effectiveness, and the cost of economic assistance. This is not foreign policy of the kind that the Constitution vests in the Executive. If it were, no legislation would be involved.

Economic assistance from the United States to any foreign country requires legislation, and while wide discretion may be given to the executive branch for its administration, the responsibility for its successes and failures will always lie with Congress.

In the recent past, indiscriminate aid programs have served to stimulate and underwrite the war between India and Pakistan, the near-war between Greece and Turkey, the growing arms race in the Middle East, widespread corruption in numerous countries, and a rash of military juntas in Latin America. So long as Congress fails to prescribe the terms and conditions that will curtail or suspend aid in these situations, and impose guidelines that will discourage our involvement in them in the future, we do not fulfill our legislative duty.

If there are those who regard legislative conditions and guidelines as undue interference in foreign policy, it must be pointed out that the only way to take Congress out of this field is to have no foreign aid at all.

Aside from partisans of aid who view it as an obligation owed the poor by the rich, there are partisans who view it as furnishing the United States a toehold for intervention. These partisans argue that aid is simply a tool of foreign policy which gives us the means to deal with situations which may occur in a foreign country. This is a cynical exploitation of foreign people for alleged security interests of the United States. Worse, it will delay rather than advance the time when the people of these countries will have the home-grown institutions and conditions that will enable them to resist the lures or pressures of Communism.

The only realistic test of sound economic aid is results. The major way to test results is to measure them against what was planned or anticipated when an aid program was begun. Where the results fail to measure up, Congress must write corrective measures into the program, for the American people will not support permanently a multibillion dollar program that does not produce what is advertised for it.

This year, public confidence in foreign aid is sagging lower than ever. Results from many years of the program are coming in at a

time of crisis in American foreign policy, and the public does not like what it sees. Public confidence will deteriorate further if Congress continues to relax its already lax guidance of the program.

ADVANCES AND SHORTCOMINGS IN COMMITTEE BILL

The committee has made some improvements in this year's bill. Fixing the number of countries in each category is the only way to assure that our financial efforts will be concentrated on countries where they have the best prospects for achievement.

But no loophole should have been left for supporting assistance to additional countries, for this is the worst rathole in the whole program. Moreover, the development, lending, and technical assistance country limits are exclusive of Alliance for Progress countries. American foreign policy officials are so accustomed to offering money as an integral part of diplomatic relations with poor countries that \$2 million for Guyana was announced before it had been independent a week and before a U.S. Ambassador had been confirmed. This assumption that establishing diplomatic relations or recognizing a government means adding that country to the U.S. dole is not one that will be abandoned readily by any administration. It can only be abandoned by strong congressional action.

Retaining annual review at the authorizing stage as well as the appropriation stage is the only way to notify recipients that the American people want performance and not promises as a condition of aid.

Restoration of the \$100 million limit on new programs or projects that may be undertaken without specific authorization by Congress will enable Congress to consider new directions or major new obligations of the aid program.

The bill's chief shortcoming is its failure to reduce the amounts in each category. Expansion of other channels of lending, the demands of the war, the threat to the balance of payments, and the lack of performance by many recipients, justify marked reductions in all aid categories in the bill.

As reported, it also fails to put limits on economic aid to nations using our substance as a foundation for military establishments beyond their needs, and adventures aimed at non-Communist neighbors.

ECONOMIC AID ON THE RISE

The separate provision of funds for southeast Asia and the Asian bank have raised total economic assistance well above last year's level. It is, in fact, a device increasingly used to leave the single aid bill at the same level while getting more funds from new sources.

There is no place in the Federal Government where the American citizen can go to get a reliable dollar figure on the total cost to the United States of our annual foreign activities. But the economic bill before the Senate, in the amount of \$2.46 billion is but a small portion of this Government's outlay for what are essentially economic aid purposes—or which have that effect.

Funds available or requested for fiscal year 1967

Agency for international development	\$2.460
Food for peace	1.600
Anticipated supplemental for southeast Asia	.500
Asian Bank	.120
Inter-American Bank	.25
International Development Association	.104
Total	5.034

This still does not include the Peace Corps, the World Bank subscriptions sold to private investors, United Nations development agencies, or Federal Reserve and Export-Import Bank contingency support of the British pound sterling. Nor does it include any military aid or expenditures abroad by 800,000 American servicemen and their families.

I take this occasion to serve notice that next year I will ask that the administration present the Senate with a bill of particulars and include in it the total amount of assistance of this kind.

I believe that the annual foreign drain on the budget of the United States, exclusive of the war in Vietnam, is in the magnitude of \$10 billion per year. It is an educated guess. Let the administration prove the figure is too high, or too low. They have the figures and the personnel to do the job.

EFFECT ON U.S. BALANCE OF PAYMENTS

As the costs of the Vietnam war accentuate the problem with our deficient international financial accounts, the Congress must examine more closely than ever the extent to which the aid program contributes to that problem. Here is one of the key areas where we cannot afford a "business as usual" attitude toward foreign aid.

That sector of American business which enjoys AID contracts to send its goods abroad at taxpayer expense has largely dominated the foreign aid debate within the business community. But American business which exports for sale is making a stronger case each year against the effects of assistance which mean loss of cash business.

The International Economic Policy Association sets forth evidence on this point that Congress can continue to ignore only at real peril. The association's spokesman, N. R. Danielian, pointed out to the committee that voluntary restraint in overseas investment by U.S. business helped bring our deficit in 1965 down to \$1.3 billion, compared with \$2.8 billion in 1964.

But outlays for the Vietnam war, plus increased imports resulting from a high level of economic activity for which the war is also partly responsible, have worsened the outlook.

Despite assertions that AID lending is tied to American industry, the flight of foreign cash business away from the United States through substitution is alarming. Geographically, it is most acute in Latin America, and it is most acute financially where "program lending" is used.

Latin America, the Near East, and south Asian countries received 90 percent of program loans in fiscal 1964 and 1965. In 1965, 58 percent of U.S. aid in these areas took the form of program loans.

During the years 1958-64, our economic assistance exceeded our trade deficit by amounts running between \$1.1 and \$1.5 billion a year. Increased efforts to "tie" our assistance has not changed this picture. Mr. Danielian stated the case in a nutshell when he said:

Since we put a line of credit at their disposal against which they can charge anything they buy in this country, except some questionable items like luxury goods, they shift their cash purchases to purchases with aid money, and they use the resulting savings of their own foreign exchange to buy in other countries. * * *

I think the first important point to realize is that development loans should be used for development purposes, and development is the creation of industrial capacity for production. This can only be accomplished by projects, whether they are powerplants, shoe factories, food processing plants, and so on, and if this is the purpose of the aid program, then let us put our money into these kinds of projects, incremental projects, that add to the capacity of the country to increase its production.

TABLE 3.—U.S. nonmilitary foreign assistance (net) and trade balances by countries, 1958-64

[Millions of dollars]

Countries	1958		1959		1960		1961		1962		1963		1964	
	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance
Afghanistan.....	19	-4	19	-10	13	-10	30	6	13	-8	32	-3	37	6
Bolivia.....	22	17	22	14	13	14	23	16	29	29	44	18	33	17
Brazil.....	145	-33	35	-216	42	-147	270	-68	157	-117	138	-186	212	-148
Cambodia.....	37	-2	21	-7	25	-25	24	9	20	5	20	2	7	-1
Ceylon.....	20	-5	19	-12	8	-25	9	-17	8	-19	4	-21	4	-27
Chile.....	47	-7	33	-76	10	-54	121	43	87	-24	109	-32	96	-38
Colombia.....	92	-147	32	-134	7	-54	54	-31	43	-50	69	-9	38	-35
Costa Rica.....	3	-9	2	-12	7	-11	11	-4	11	-26	14	-11	17	-4
Ecuador.....	243	63	320	129	523	412	370	230	528	411	736	509	864	651
India.....	24	-112	17	-123	45	-132	54	-29	88	-15	77	-7	32	-102
Indonesia.....	57	10	60	16	62	17	61	24	53	20	54	37	45	20
Jordan.....	311	213	232	131	261	148	228	155	233	204	231	211	157	169
Korea.....	30	2	35	3	33	1	51	30	30	4	31	6	39	7
Laos.....	8	14	9	59	8	-4	19	17	35	20	11	4	12	-13
Liberia.....	(1)	-85	(1)	-150	1	-138	2	-126	12	-155	6	-150	2	-82
Malaysia.....	26	33	45	29	61	29	97	55	48	42	53	49	38	31
Morocco.....	6	(3)	3	(2)	8	(2)	10	(2)	9	(2)	14	(2)	17	(2)
Nepal.....	145	81	142	65	229	131	218	158	322	243	378	341	377	336
Pakistan.....	42	18	24	-36	24	-10	11	17	24	-59	8	-34	49	-27
Philippines.....	99	75	66	43	127	111	57	34	60	48	46	66	52	84
Poland.....	30	-4	48	-28	42	11	29	25	31	32	29	57	18	58
Thailand.....	26	4	30	7	55	21	77	38	53	34	38	25	45	31
Tunisia.....	122	72	111	44	101	66	153	69	202	106	173	154	126	96
Turkey.....	204	57	168	46	186	48	144	62	148	101	189	114	221	131
Vietnam.....	---	(2)	5	(2)	5	(2)	6	(2)	6	(2)	8	(2)	6	(2)
Yemen.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total.....	1,758	251	1,498	-218	1,882	478	2,129	685	2,250	827	2,512	1,140	2,544	1,160

¹ Less than \$500,000.² Not available.³ Not statistically significant.

Sources: International Monetary Fund, Direction of Trade, annual 1958-62, pp. 128-130; and March 1965, pp. 63-64; National Advisory Council, Semiannual Report to the President and Congress January-June 1964, pp. 75-77; U.S. Department of Commerce, Foreign Grants and Credits (Washington: U.S. Government Printing Office, 1964).

TABLE 4.—U.S. share of Latin American imports, 1956–64; Latin American exports to the United States, 1956–64

[Millions of dollars]

Year	Imports of Latin America			Latin American exports to the United States— f.o.b. ²	U.S. net aid to Latin America ³	IDB ⁴
	Total ¹	From the United States ¹	Percent U.S. share			
1956.....	7, 226	3, 480	48. 2	3, 182	212	-----
1957.....	8, 419	4, 356	51. 7	3, 287	320	-----
1958.....	7, 690	3, 518	45. 8	3, 061	639	-----
1959.....	7, 220	3, 228	44. 7	3, 126	397	-----
1960.....	7, 690	3, 479	45. 2	3, 170	271	-----
1961.....	7, 950	3, 510	44. 2	3, 178	834	7
1962.....	8, 040	3, 457	43. 0	3, 387	656	59
1963.....	7, 860	3, 380	43. 0	3, 451	630	141
1964 ^p	8, 400	3, 789	44. 1	3, 524	^p 489	198

¹ Excludes Cuba; CIF basis.² Overseas Business Reports (63-101), April 1963, table 9; Overseas Business Reports (65-35), June 1965, table 2.³ Actual disbursements; does not include aid from international institutions.⁴ Actual disbursements; approximately \$320 million were U.S. dollar disbursements.^p U.S. Government aid commitments to Latin America in 1964 were \$1.4 billion.^p = preliminary.

Source: U.S. Department of Commerce, IDB Information Office, International Monetary Fund, *International Financial Statistics*, October 1959, p. 25, October 1965, p. 35; *Direction of Trade Annual* 1958-62, pp. 85-87; *Annual* 1960-64, p. 93.

The failures of program lending in a major test country—Chile—are dealt with below.

CASE STUDY FAILURES OF FOREIGN AID—THE DOMINICAN REPUBLIC, VIETNAM, NEPAL, CHILE

The administration has not been able to show that economic assistance as presently administered is either an effective instrument of foreign policy or a significant stimulus to economic development in recipient countries.

The Dominican Republic

The Dominican Republic is a particularly tragic evidence of the political and economic inadequacy of foreign aid as an instrument to promote political stability and economic development. It has a population of only 3½ million. Starting with the election of Juan Bosch in 1962, we poured money into the country in profuse quantities:

Bosch government.....	\$86. 6
Reid-Cabral junta.....	61. 6
U.S. occupation.....	128. 7
Total (includes food for peace).....	276. 9

It will be seen that well before the civil war and foreign intervention we had extended some \$42 in aid per capita. Funds planned through 1967 will bring the figure to \$100, and that does not include the cost to the United States of support of United States and Latin American forces that have been in the Dominican Republic since a year ago last April.

What are the results? On June 13, 1966, Newsweek magazine summed up economic life in the country as follows:

The hate-wracked Republic which Balaguer inherits is plagued with almost every infirmity of the underdeveloped world. Probably one-third of its labor force is jobless, a third of its children never enter school and many of its people are undernourished, diseased, and illiterate. The population is growing at a breakneck 3.5 percent a year while the economy is stagnant, the budget solidly in the red, and only the monthly \$6 million handout from the United States carries the overpadded government payroll. "This country is asleep in dead center," a U.S. aid official said last week, "and it'll be a major project to wake it up."

In 1961, when our aid began, the gross national product of the Dominican Republic was about \$788 million. It has dropped about 15 percent despite these massive infusions of U.S. aid.

It will be argued that the Dominican Republic is a special case. If so, it is special testimony to the strangling effect of excessive American financial intervention.

On a per capita basis the Dominican Republic is relatively well off, with a GNP in 1964 of about \$225 per capita. There are dozens of nations, where we have assistance programs, which are much poorer in an economic sense and potentially less stable in a political sense. The American people need to beware because the present philosophy of AID is that each of these countries is of vital concern to the United States and we, as guardian of economics and policeman of politics, must send our advice, our bounty, and our military assistance "on demand" and sometimes even without it.

Vietnam

Vietnam is a classic case of how far the United States can become enmeshed by policies based on aid and limitless commitments of men, money, and advice.

The Secretary of State has told the Committee on Foreign Relations on at least two occasions—and he has also so remarked in public—that there is a direct relationship between our aid programs to Vietnam and our involvement there. From time to time the Secretary of State has sought by other means to justify the "war" in Vietnam, but the essence of his position was set forth to the committee in August of 1964 when he asserted that the President has authority under the aid programs and on his own responsibility to involve the nation in war in Vietnam.

During hearings on the Vietnam supplemental bill this year, the Secretary referred again to the action of the Congress in providing "bilateral assistance" and "annual aid appropriations" as authority for our involvement in Vietnam. Finally, in February of this year, the Secretary of State in Las Vegas Nev., said we were committed to assist South Vietnam, among other things, "by the aid approved by bipartisan majorities in Congress over a period of 12 years."

What did our economic aid develop for Vietnam?

In 11 years from 1953 through 1963, the United States provided \$1,885,400,000 of economic assistance (including food for peace) to a nation of 15 million people, mostly farmers. This was an average of about \$170 million a year up to the collapse of the Diem government

and the upswing in the civil war. We had made Diem our agent and supplied him with ample funds, but such lavish aid only served to hasten his departure. At Honolulu in 1966, there were announced development plans for South Vietnam that only bore out the failure of all previous aid to develop the country.

For 1966 and 1967, an additional \$1 billion is programmed for Vietnam, excluding food for peace, military assistance, civilian construction, and other direct costs of the war. Thus the grand total of economic assistance alone to Vietnam over a period of 14 years will total at least \$3,375 million—about \$225 for every man, woman, and child. This is enough in family terms to have built every family a house (at the low costs there), furnish it, and have enough left over to get a good start on a school construction program.

The above figures do not include military assistance which over the same period of time is nearly as great in magnitude.

In 14 years the total amount of assistance, both military and economic, which we have given Vietnam is over \$5 billion—one-third of the total cost of the Marshall plan.

Congressional findings on Vietnam economic aid

Members would be well advised to read with care the maiden speech of our new colleague from Michigan, Mr. Griffin, who reported on June 23 on some aspects of the aid program which he observed in Vietnam. For example, Mr. Griffin says:

In my judgment, based on my recent visit to Vietnam, the weakest link in U.S. activities is, inexcusably, the economic one. A result of serious mismanagement and ineffective controls * * * they have made the rich richer and the poor poorer; and they have indirectly routed American supplies into the hands of the Communist Vietcong. * * *

Representative John E. Moss, recently back from Vietnam, was reported in the New York Times of May 18, 1966, as demanding that AID completely overhaul its \$400 million commodity program for South Vietnam. He stated that this program, instead of combating inflationary pressures, was actually "feeding inflation."

Members of the Senate interested in the problems of dealing with a corrupt government in Vietnam should examine the report of a distinguished former administrator of the point 4 program, Mr. Stanley Andrews. His report appears on page 590 of the committee hearings and is critical in many respects of the rural aid program.

Nepal

A small case study has been done in Nepal and the results published in "Foreign Aid and Politics in Nepal—A Case Study," by Eugene B. Mihaly. The author was until recently with AID's policy planning staff and is now with the Peace Corps. He reports that—

In Nepal, aid, despite its successes in some areas, actually reduced the prospect for growth by its impact on the political scene.

We assumed that Nepal was merely poor and that, therefore, there was no fundamental barrier to the introduction of Western techniques. * * * Yet the more [our aid projects] demanded of Nepal, the less they accomplished.

This stinging indictment is directed at an aid program which in about 10 years has put a total of \$90 million (including food for peace) into a nation of 10 million people. And the result, in the words of Mr. Mihaly—

In Nepal, aid, despite its success in some areas, actually reduced the prospect for growth by its impact on the political scene.

Chile

An intensive study of aid to Chile prepared by Senator Gruening for the Subcommittee on Foreign Aid Expenditures of the Government Operations Committee should be read by every Senator before he votes on this bill.

Per capita, assistance to Chile is the highest in Latin America. It is a testing ground for program loans and with its small population of 8.5 million, its stable and democratic Government, Chile seemed to be the one place where foreign assistance could bring meaningful results.

U.S. economic assistance to Chile from 1961 through 1965 has totaled nearly \$700 million, and was presumably in conformity with a 10-year economic plan laid out in March of 1962.

Yet Senator Gruening finds:

The economy has been virtually stagnant for a decade—its rate of growth in recent years has averaged about 3 percent a year, only inching ahead of the annual 2.5 percent population growth.

Inflation has been endemic. During the decade 1950–60, the cost of living rose by an annual average of 36 percent. In 1960 and 1961, under an austerity program, inflation was held to 5 and 10 percent respectively. But as inflationary pressures were felt again, living costs rose 28 percent in 1962, 45 percent in 1963, and 38.4 percent in 1964.

In recent years Chile's monetary and fiscal position has been bleak. The balance of trade has been unfavorable, with imports exceeding exports by some \$95 million in 1963 and \$93 million in 1964. At the same time, the Chilean Government is responsible for many social and economic services which contribute to recurring budget deficits (the budget deficit reached 452.4 million escudos at the end of 1964, or about \$165 million). Meanwhile, the Chilean Government has been forced to rely more heavily upon foreign borrowing. In recent years foreign credit has financed as much as 40 percent of official investment. As a result, Chile faces increasingly serious difficulties in servicing its medium- and long-term foreign debt (currently amounting to \$1.4 billion) with payments of interest and amortization imposing a heavy burden on the balance of payments. International reserves of the monetary system dipped to a minus \$263.7 million on December 31, 1964.

He finds that Chilean firms produce at high cost for a limited market. In agriculture, the largest source of employment, the feudal system has turned Chile, once an exporter of foodstuffs, into a heavy importer of agricultural commodities and a dependent upon food for peace.

Sixty-five percent of agricultural income goes to 8 percent of the landowners. The rural laborers and their families who comprise a third of the nation's population remain at the bottom of the economic ladder:

It is estimated that only 6 percent of the rural population has access to safe water service. Housing for almost half the rural population is primitive. Sewage facilities are practically nonexistent. Despite Chile's educational achievements relative to other underdeveloped countries, one-third of the rural population 15 years and over has received no schooling whatsoever, while another third has completed 1 to 3 years of primary education—hence, two-thirds are functional illiterates.

A large segment of Chilean landlords have demonstrated little concern for their tenant farmers and laborers or for increasing the productivity of their lands. With plenty of cheap labor available, large landholders earn comfortable livings from extensive farming. Significantly, agriculture in recent years, although accounting for only about 10 percent of gross national product, has received about 35 percent of the private credit outstanding. Most of the credit has gone to a small group of producers, and much of this has been diverted to relatively nonproductive or to nonagricultural uses. Studies of the expenditure patterns of large landowners reveal that they spend almost 80 percent of their sizable incomes for personal consumption.

Although Chile in the past has had a relatively highly developed education system, it has fallen tragically far behind modern needs.

It has become increasingly clear that the school system, organized in the 19th century, has failed to adapt to the country's real needs. Emphasis has traditionally been upon academic training and the liberal professions, with the result that few people have vocational skills. The dropout rate is high: of every 100 students who enter primary schools, only 33 complete the sixth year of the curriculum.

These are not the conditions of 1960 the Alliance for Progress was designed to correct: these are the conditions that prevail in a primary recipient of development money from the United States, 5 years after massive aid has been underway.

The Gruening report demolishes much of the case the administration tries to make for nonproject, or program, lending:

Program lending, initiated in 1963, and now the overwhelming component of the U.S. program in Chile, is a highly dubious device for linking assistance to performance.

A \$35 million program loan was made in 1963 and a \$55 million loan in 1964.

Following the 1964 election of President Frei we expected the genuine reforms, and an \$80 million program loan was signed early in 1965.

Senator Gruening finds the results not much different than before. Moreover:

Chile's investment budget remains largely a random shopping list of unevaluated, unrelated projects submitted by

various agencies and ministries. * * * Program lending erodes Chile's incentive to undertake the necessary steps to formulate its investment program on a rational basis. So long as dollars are available through the program loan route, the Chilean Government feels no urgency to build an institutional capability for projectizing its bids for foreign financing. * * * Another serious and related consequence of program lending has been the undermining of the proposed consortium of international lending agencies and governments to be organized under the auspices of the World Bank. Chile much prefers receiving external assistance not tied to specific projects, a situation which the consortium was designed to end. Furthermore, dealing with AID within an international group promised to be a good deal tougher than negotiating bilaterally where considerations other than economic can be raised. Meanwhile, continuation of U.S. program loans made it unnecessary for Chile to prepare projects suitable for international financing. The result: no projects, no consortium. In effect, the program loans helped to scuttle the international consortium, the instrument by which the United States intended to get out of the business of supplying assistance unrelated to specific projects.

These objections to the nature and results of aid to Chile are in no way a reflection upon Chileans. Nor do I intend to criticize by implication any other recipient of American aid. It is our money, and we are entirely responsible for its use or misuse.

ECONOMIC AID AND MILITARY ASSISTANCE ARE INSEPARABLE

One of the tragedies of the American economic aid program is the degree to which there has developed a direct relationship between economic assistance and military expenditures of recipient countries. It argues convincingly against separating economic and military aid in the legislative process.

Economic aid often supports the creation of military machines in countries which cannot support them. The administration and the Congress have not come to grips with this problem.

The classic case involves the assistance which the United States has given to India and Pakistan. When the United States agreed to arm Pakistan on the theory that it would be a bulwark against possible Communist aggression, India complained. The Indians were worried that U.S.-supplied arms would enable Pakistan to use force some day against India, rather than against a Communist onslaught as the United States feared. India, therefore, used its own budgetary resources to purchase and manufacture arms with which to meet potential threats not only from China, but from Pakistan.

But with India putting funds into armaments, there was little left over for food and other necessary imports. So the United States provided economic aid in the amount of \$5.8 billion from 1949 until 1965, thus freeing Indian funds for armament.

Those in India and Pakistan who suffered from this arrangement were the people—the little people—the ones who needed food and fertilizer. Then, of course, there were the soldiers who served in the armies which finally clashed last August in battles which pitted Ameri-

can-supplied Patton tanks manned by Pakistanis, against British Centurion tanks purchased from the British and manned by Indians.

Much the same thing is happening in the Middle East. We supply arms directly by grant to Jordan and sell them to Israel and Saudi Arabia. Meanwhile, Egypt's economic base for a Soviet-supplied military establishment is strengthened by our munificent extension of food. Our policymakers believe they are balancing these forces against each other. What they are doing is building a house of matchsticks. When it collapses, the United States will once again be encouraged to believe that military intervention by the United States is the only thing that can save the situation.

WHAT DO WE OWE TO DEVELOPING COUNTRIES?

Grants and loans for development purposes, as contrasted with reconstruction, began about 15 years ago. Enough time has elapsed to arrive at some firm judgments about the value and effectiveness such programs can have in undeveloped countries.

The first conclusion must surely be that local interest, determination, and leadership are the essential ingredients for development and not American capital. Our loans and grants can supplement but can never replace those ingredients.

Our 15-year experience surely demolishes the worst fallacy about foreign aid. This fallacy holds that wealthy, industrial countries owe some obligation to contribute a fixed percentage of their national wealth to the poor nations. Yet the advocates of this theory would be horrified to see it applied within the United States. It would mean taxing the rich States in order to give money to the poor States just because they are poor, without providing extensive guidelines on how it is to be used, intensive supervision to see that the purposes of the program are carried out, and prompt suspension of assistance when specifications of the national purpose are not carried out.

The first and foremost obligation to the undeveloped countries lies with the people of the undeveloped countries, and their governments. It is the obligation to use outside financial help as effectively as possible. Too much American money is simply foisted on them for purposes and projects in which they have no interest and which they merely tolerate because the United States wants them to have it.

Proponents of the "we owe you a fixed percentage of our gross national product" theory give little attention to the real needs of poor nations. The one thing the people of these nations do not need is American subsidization of their old, semifeudal ways of doing things. Such subsidizing is not sound policy for the United States, either, for it induces us to throw more and more resources—even military forces—behind an unpopular and precarious government in the effort to justify our initial bad judgment.

Secondly, in our zeal to push funds into many of these countries we have found it much easier to push products and commodities than to promote or finance the development of natural and human resources. Much of this development probably calls for grants rather than loans. But it is being dangerously neglected by both borrowers and lenders.

Education in too many poor countries remains the mark of the privileged. In some, sending sons abroad for degrees from America or Britain is a *sine qua non* of the upper classes. Too much of our

AID education assistance simply accommodates them in this neglect of their total national human resources. Despite the overcrowding of American campuses with American students, we continue to jam foreign students into them instead of concentrating on building education centers in their home countries.

We are also neglecting in our aid programs the basic education that we would call elementary and secondary. Figures for the Alliance for Progress, which is the most purely development program of any we have, show a distressing lack of emphasis on education.

Alliance for Progress breakdown of total fiscal year 1966 technical cooperation funds

	Amount (thousands)	Percent
Basic education.....	\$8,471	10.8
Technical training in industry and agriculture.....	6,012	7.7
Natural resources development-land reform.....	¹ 4,369	5.6
Other.....	59,148	75.9
Total.....	² 78,000	100.0

¹ Natural resources development including land reform as shown above is restricted to natural resource surveys, forest management, land settlement, agrarian reform, and related activities. Excluded are overall agricultural productivity programs such as agricultural extension, crop research and development, cooperatives development, rural community development, agricultural marketing, agricultural diversification, etc. If the category of natural resources development is expanded to include all food and agricultural activities, including technical training in agriculture, the total TC funds would be 13,629 and the percentage would be 17.4.

² Total of \$78,000,000 excludes \$10,000,000 for Alliance for Progress share of nonregional costs.

Breakdown of total fiscal year 1966 development loan program funds

	Amount (millions)	Percent
Basic education.....	\$3.2	(¹)
Technical training in industry and agriculture.....		
Natural resources development-land reform.....	² 111.4	22
Commodity imports (nonproject).....	305.0	³ 62
Other.....	73.5	15
Total.....	493.1	100

¹ Less than 1 percent.

² Includes loans for supervised agricultural credit; livestock, agricultural, and mining banks; access roads fertilizer imports; and related activities.

³ Local currency counterpart also programed in many cases for education, agriculture, and other natural resources development.

The use to which proceeds of nonproject, or program, loans are put are not included in the above table. But the breakdown of the proceeds from program loans to Chile shows that about 9 percent of the 1963 loan went for education, about 5 percent of the 1964 loan, and about 16 percent of the 1965 loan. This is a meager allotment relative to need.

Although Chile has a high literacy rate relative to other South American countries, 40 percent of its total population is under 15 years of age. Literacy rates in many of these countries experiencing a population explosion will not even be maintained, much less reduced, unless faster progress is made to expand teaching facilities.

Education is perhaps the most important key to the development of poor nations. It cannot be forced on them; it cannot be financed by the United States on our say-so and without their enthusiastic cooperation.

Unless recipients move much faster and further in this field, they will never achieve sufficient productive capacity of their own to sustain growth or repay our loans.

CONCLUSION

We will not have a useful and effective aid program of the kind that seeks to build stable and autonomous governments until we learn that a massive American presence is not the key to this process. It can be a great hindrance. The Wall Street Journal of June 10, 1966, reports from Tokyo the high returns that Japan is enjoying from its modest aid efforts:

Compared to exportable great societies, massive U.S. overseas spending and America's awesome foreign military commitments, Japan's modest approach to international affairs may seem, to some Americans, almost amusing. Yet Asian recipients of even small Japanese offerings, tied as they are to goods made in Japan, are nonetheless grateful. In fact, some appear more appreciative of small Japanese help than they are of infinitely more lavish U.S. gifts.

And if Japan isn't hailed as Asia's new political precursor, she at least isn't damned, as is the United States so often, for meddling in others' internal affairs or supporting unpopular regimes.

General Ne Win, of Burma, a country which needs capital and technical assistance, took the initiative a few years ago to throw us out. Recently he was quoted (New York Times, June 20, 1966) as saying:

Unless we Burmans can learn to run our own country we will lose it. Of course there are hardships. But we must put our own house in order.

He referred to some of his southeast Asian neighbors staggering under loads of money from the United States. The general said:

This kind of aid does not help. It cripples. It paralyzes. The recipients never learn to do for themselves. They rely more and more on foreign experts and foreign money. In the end they lose control of their country.

Very well put. The Burmese are poor but not much worse off than Indonesians, Thai, Laotians, Indians, Pakistanis, and Vietnamese, all of whom have been deluged with U.S. aid.

George Kennan stated the case very well before the House Foreign Affairs Subcommittee on the Far East when he said:

I do feel very strongly that the only people really worth helping in this world are the people who say: We propose to survive whether you help us or not, but it will be a little easier for us if you help. The ones who come along and say to us: "If you don't help us, we are going to go Communist, and then where would you be?" I think by definition are beyond helping.

But there is another side to the aid coin. Not only do we alienate the people we are trying to help, but we alienate those we are not trying to help. The latter are likely to view us as meddlesome neighbors anxious to tell others how to act and what to do. There is

a further effect on the United States when it assumes responsibilities everywhere.

This point was made a few days ago by Dr. Henry Kissinger, of Harvard University, when he testified on June 27 before the Committee on Foreign Relations. Although he was referring specifically to the American attitude toward Europe, his comment is equally applicable to our posture toward Asia and toward recipient aid countries generally. He said in part:

Some critics of American policy argue that the attempt to play a role simultaneously in every part of the globe is beyond our physical resources. It seems to me clearly beyond our psychological resources. If we insist on assuming the principal responsibility for every square mile of territory at every moment of time, we will tear ourselves to pieces inwardly. The continent closest to us culturally, with similar political traditions and substantial economic resources should—for our sake as well as its own—assume a greater responsibility for its policy and defense. It is neither in our interest nor that of Europe that Europe become the Greece to our Rome—a political backwater, interesting culturally but unable to play an active role. This would not be healthy for us because hegemony is demoralizing in the long run.

Painful as it may be to admit, we could benefit from a counterweight to discipline our occasional impetuosity and to supply historical perspective to our penchant for abstract and “final” solutions.

I have made this extensive report to buttress what seem to me to be two fundamental points: first, that aid as such does not necessarily advance our foreign policy interests but as presently conceived may actually damage our interests abroad; and second, that even when we pour in economic aid, it too often does not bring economic results—to use the words of the Senator from Michigan, Mr. Griffin, it often makes the rich richer and the poor poorer.

Furthermore, it often creates an unhealthy dependency upon the United States at the very time when recipient countries should begin to make way on their own. Sooner or later the spoon-fed baby will knock the spoon out of his mother’s hand; and that is what is going to happen to the United States if we continue present policies.

I would not begrudge the expenditure of 1 cent of these sums were I convinced that the American people were getting their money’s worth. But they are not. Much of our aid—military as well as economic—is creating abroad societies which will be ever resentful of the United States. Their resentment will be focused on military forces we have created which stifle change and often promote military domination. Their resentment will be focused on our unilateral interference, financial or military, in their internal affairs, when there were international institutions available. Their resentment will well up from their desire to be independent and to do things for themselves—or at least not under the benign thumb of the United States.

WAYNE MORSE.

8. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

PART 1

CHAPTER 1—POLICY

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in

controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishings under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsible to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each coun-

try's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purpose, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries.

The Congress urges that all other countries (including private enterprise within such countries) able to contribute join in a common undertaking to meet the goals stated in this part. In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne, by all. It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of the United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof.

This Act, or the furnishing of economic, military, or other assistance under this Act, shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.— * * *

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, [and] (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved, (7) *the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise*, (8) *the degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign through encouragement of maximum private ownership in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, through adequate protection of industrial property rights (such as patents and trademarks), and (9) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.* Loans shall be made under this title only upon a finding of reasonable prospects of repayment. *Funds made available under this title, except funds made available pursuant to section 205, shall not be used to make loans in more than ten countries in any fiscal year, except that such loans may be made in any additional country with respect to which (i) the President shall have submitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report stating that the making of loans in such additional country during such fiscal year is in the national interest and giving his reasons therefor, and (ii) each such committee shall have adopted a resolution approving the making of loans in such additional country during such fiscal year.*

* * * * *

(d) Funds made available for this title shall not be loaned or re-loaned at rates of interest excessive or unreasonable for the borrower and in no event shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign

Assistance Act of 1964 were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than $\left[2\frac{1}{2}\right]$ 3 per centum per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which ten-year period the rate of interest shall not be lower than 1 per centum per annum, nor higher than the applicable legal rate of interest of the country in which the loan is made.

* * * * *

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title $\left[\$1,200,000,000\right]$ for the fiscal year 1962, $\$1,500,000,000$ for the fiscal year 1963, $\$925,000,000$ for the fiscal year 1964, and $\$1,500,000,000$ for each of the next two succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, $\left[\$620,000,000\right]$ for the fiscal year 1967, which shall remain available until expended: *Provided*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal $\left[\text{years ending June 30, 1965, and June 30, 1966, respectively,}\right]$ year ending June 30, 1967, shall be available for loans made to encourage economic development through private enterprise.

* * * * *

SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, $\left[\text{the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed}\right]$ 15 per centum of the funds made available for this title *shall be available only for transfer, on such terms and conditions as the President determines*, to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.

* * * * *

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency

of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives; (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, [and] (6) the desirability of safeguarding the international balance of payments position of the United States.

(7) *the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (8) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.* If the President finds that assistance proposed to be furnished under this title would have a substantial adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished. *The authority of this title shall not be used to furnish assistance to more than forty countries in any fiscal year, except that such assistance may be furnished to any additional country with respect to which (i) the President shall have submitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report stating that the furnishing of assistance to such additional country during such fiscal year is in the national interest and giving his reasons therefore, and (ii) each such committee shall have adopted a resolution approving the furnishing of assistance to such additional country during such fiscal year.*

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

(d) *Funds made available under section 212 may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop the resources likely to be needed for programs concerned with the economic and social development of less developed countries.*

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1966] 1967 to carry out the purposes of section 211 not to exceed \$210,000,000 which shall remain available until expended.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to furnish assistance, on such terms and condi-

tions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research.

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year [1966, \$7,000,000], 1967, \$10,989,000, to remain available until expended.

(d) *There is hereby authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States.*

* * * * *

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to eligible United States investors—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$5,000,000,000, and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United

States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$300,000,000; and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$175,000,000: *Provided further*, That this authority shall continue until June 30, [1967.] 1968.

(c) No guaranty shall exceed the [dollar value] *actual dollar investment*, as of the date of the investment, made in the project with the approval of the President plus earnings or *operating* profits actually accrued on said investment to the extent provided by such guaranty, nor shall any guaranty of an equity investment extend beyond twenty years from the date of issuance.

* * * * *

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperative, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alli-

ance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

(5) housing projects in Latin America 25 percentum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$400,000,000 *of which at least \$50,000,000 of the issuing authority provided for in the Foreign Assistance Act of 1965 shall be available solely for the purposes of section 224(b)(1): Provided, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That this authority shall continue until June 30, [1967.] 1968.*

* * * * *

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 251. GENERAL AUTHORITY.—* * *

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; [and] (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved; (5) *the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;* (6) *the degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through encouragement of maximum private ownership in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, through adequate protection of industrial property rights (such as patents and trademarks);* (7) *whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and* (8) *the extent to which the activity to be financed will contribute to the economic or political integration of Latin America.* In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms (including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest, and the efforts made

by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c) and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment. *Funds made available under this title which are not required to be used for loans shall be available for the purposes of section 211(d).*

* * * * *

(h) *Loans may be made under authority of this title only to support national economic plans which have been approved by the Inter-American Committee for the Alliance for Progress. Whenever the President determines that the purposes of this title would be better served thereby, he may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the Inter-American Development Bank, or to any of the institutions named in section 205, for use pursuant to the laws governing United States participation in the said Bank or in such institutions and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.*

SEC. 252. AUTHORIZATION. There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in [each of the fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000, which sums are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each of the fiscal years 1963 and 1964 and \$85,000,000 in fiscal year 1965 and \$75,000,000 in fiscal year 1966 of the funds appropriated pursuant to this section for use beginning in each such fiscal year] *the fiscal year 1967, not to exceed \$543,000,000, which sum is authorized to remain available until expended and which, except for not to exceed \$87,700,000, shall be available only for loans payable as to principle and interest in United States dollars.* [In presenting request to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.] In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal [years ending June 30, 1965 and June 30, 1966, respectively] *year ending June 30, 1967, shall be available for loans made to encourage economic development through private enterprise.*

* * * * *

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

SEC. 271. *General Provisions.*—(a) *The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.*

“(b) *The President is authorized to furnish assistance, on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia through multilateral institutions and programs and projects serving regional development purposes. Such institutions, programs, and projects may include but are not limited to special funds of the Asian Development Bank, consortia organized for particular programs and projects and regional arrangements such as the Mekong development program.*

“Sec. 272. *Special Provisions.—(a) In providing assistance to further the purposes of this title the President shall take into account:*

“(1) *initiatives in the field of social and economic development by Asian peoples and institutions;*

“(2) *regional economic cooperation and integration in southeast Asia;*

“(3) *the extent of participation by other potential donor countries;*

“(4) *the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and*

“(5) *the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.*

(b) *In the event that funds made available under this Act are used by or under the supervision of the International Bank for Reconstruction and Development or the Asian Development Bank in furtherance of the purposes of this title, such funds may be used without regard to the requirements of this or any other Act.*

SEC. 273. *USE OF FUNDS.—In furtherance of the purposes of this title in the fiscal year 1967, the President is authorized to use not to exceed \$50,000,000 of the funds made available under this Act.*

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. *GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations, and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d), on such terms and conditions as he may determine, in order to further the purposes of this part.*

(b) *Contributions to the [United Nations Expanded Program of Technical Assistance and the United Nations Special Fund] United Nations Development Program for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year.*

* * * * *

SEC. 302. *AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year [1966] 1967 to carry out the purposes of this chapter not to exceed [\$144,755,000] \$140,433,000. None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing*

or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.

* * * * *

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability: *Provided, That not more than ten countries may receive assistance under the authority of this chapter in any fiscal year, unless the President determines that it is in the national interest of the United States to furnish such assistance to an additional country or countries. Any such determination, together with the reasons therefor, shall be reported to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives.*

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President [, without regard to section 649,] for use beginning in the fiscal year [1966] 1967 to carry out the purposes of this chapter not to exceed [\$684,200,000], \$700,000,000 which shall remain available until expended. [Of the funds made available for the fiscal year 1965 to carry out the purposes of this chapter, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.]

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1966] 1967 not to exceed [\$150,000,000] \$70,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest. [No part of the funds appropriated under the preceding sentence after January 1, 1966, for the fiscal year 1966, shall be used to provide assistance to any country which permits any ship or aircraft under its registry to transport any equipment, materials, or commodities to or from North Vietnam unless the President determines that the withholding of such assistance would be contrary to the national interest of the United States and reports such determination to the Congress. In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act.]

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under [the first sentence of] subsection (a).

CHAPTER 6—ASSISTANCE TO [COUNTRIES HAVING AGRARIAN ECONOMIES] *NON-INDUSTRIALIZED COUNTRIES*

SEC. 461. ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation. In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.

SEC. 462. ASSISTANCE FOR POPULATION CONTROL.—Funds made available for use under this part may be used, when so requested by the recipient country, to furnish technical and other assistance for the control of population growth.

CHAPTER 7—JOINT COMMISSIONS ON RURAL RECONSTRUCTION

SEC. 471. JOINT COMMISSIONS ON RURAL RECONSTRUCTION.—(a) *The President is authorized to conclude agreements with underdeveloped countries in Asia and Africa providing for the establishment in such countries of Joint Commissions on Rural Reconstruction each of which shall be composed of two citizens of the United States appointed by the President and three citizens of the country in which the Commission is established. Each such agreement shall provide that the members who are citizens of the country in which the Commission is established shall be selected in such manner and for such terms of office as will insure to the maximum extent possible their tenure and continuity in office independently of any changes in political regimes in such country.*

(b) *A commission established pursuant to an agreement authorized by this section shall be authorized to formulate and carry out programs for reconstruction in rural areas in the country in which it is established, which shall include such research and training activities as may be necessary or appropriate for such reconstruction.*

(c) *Not to exceed 10 per centum of the funds made available pursuant to section 212 shall be available to the President in negotiating and carrying out agreements entered into under this section, including the financing of appropriate activities of Commissions established pursuant to such agreements.*

(d) *The furnishing of assistance under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.*

* * * * *

PART III

CHAPTER 1—GENERAL PROVISIONS

* * * * * *

 SEC. 604. PROCUREMENT.—

* * * * * *

(c) In providing for the procurement of any **[surplus]** agricultural commodity or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended, for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such **[surplus]** agricultural commodity only within the United States except to the extent that such **[surplus]** agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

* * * * * *

(e) No funds made available under this Act shall be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity.

* * * * * *

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitations, \$5,000,000 of funds made available under section 212, which may be used to pay costs (*including personnel costs*) of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

* * * * * *

SEC. 612. USE OF FOREIGN CURRENCIES.—

* * * * *

(c) *In addition to funds otherwise available, and notwithstanding section 1415 of the Supplemental Appropriations Act of 1953, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 percentum of the aggregate of all excess foreign currencies.*

As used in this subsection the term "voluntary family planning program" includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance, and supplies to individuals who desire such assistance.

* * * * *

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts. *The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.*

* * * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—

* * * * *

[(k) Until the enactment of the Foreign Assistance Act of 1965 or other general legislation, during the calendar year 1965, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.]

(k) Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise, nor shall any assistance be furnished under chapter 2 of the Military Assistance and Sales Act to any country for carrying out any program, with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection.

* * * * *

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance [(including any civic action and sales program)] *(including civic action) or sales programs* are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of [the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program (including any civic action and sales program) for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.] *economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.*

* * * * *

SEC. 635. GENERAL AUTHORITIES.— * * *

(h) A contract or agreement which entails commitments for the expenditure of funds available under titles II, V, and VI (*except development loans*) of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

* * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year **[1966]** 1967 not to exceed \$54,240,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated **[such amounts as may be necessary from time to time]** *for the fiscal year 1967 not to exceed \$3,100,000* for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

* * * * *



89TH CONGRESS
2D SESSION

[Report No. 1359]

JULY 7, 1966

II

1 “This Act, or the furnishing of economic, military, or
2 other assistance under this Act or the Military Assistance and
3 Sales Act of 1966, shall not be construed as creating a new
4 commitment or as affecting any existing commitment to use
5 armed forces of the United States for the defense of any
6 foreign country.”

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 102. Title I of chapter 2 of part I of the Foreign
10 Assistance Act of 1961, as amended, which relates to the
11 Development Loan Fund, is amended as follows:

12 (a) Section 201 (b) , which relates to general authority
13 to make loans from the Development Loan Fund, is amended
14 as follows:

15 (1) In the second sentence, strike out the word “and”
16 at the end of clause (5) and strike out the period at the end
17 of the sentence and insert a comma and the following: “(7)
18 the degree to which the recipient country is making prog-
19 ress toward respect for the rule of law, freedom of expression
20 and of the press, and recognition of the importance of in-
21 dividual freedom, initiative, and private enterprise, (8) the
22 degree to which the recipient country is taking steps to im-
23 prove its climate for private investment, both domestic and
24 foreign, through encouragement of maximum private owner-

1 ship in new and existing industry, through nondiscriminatory
2 treatment between national and nonnational and between
3 public and private enterprises and products, through ade-
4 quate protection of industrial property rights (such as pat-
5 ents and trademarks), and (9) whether or not the activity
6 to be financed will contribute to the achievement of self-
7 sustaining growth.”

8 (2) At the end thereof add the following new sentence:
9 “Funds made available under this title, except funds made
10 available pursuant to section 205, shall not be used to make
11 loans in more than ten countries in any fiscal year, except
12 that such loans may be made in any additional country with
13 respect to which (i) the President shall have submitted to
14 the Committee on Foreign Relations of the Senate and the
15 Committee on Foreign Affairs of the House of Representa-
16 tives a report stating that the making of loans in such addi-
17 tional country during such fiscal year is in the national in-
18 terest and giving his reasons therefor, and (ii) each such
19 committee shall have adopted a resolution approving the
20 making of loans in such additional country during such fiscal
21 year.”

22 (b) Section 201 (d), which relates to interest rates, is
23 amended by striking out “2½ per centum” and substituting
24 “3 per centum”.

1 (c) Section 202 (a), which relates to authorization of
2 the Development Loan Fund, is amended as follows:

3 (1) Strike out the words beginning with “\$1,200,000,-
4 000” through the words “such subsequent fiscal year: *Pro-*
5 *vided further,*” and substitute “\$620,000,000 for the fiscal
6 year 1967, which shall remain available until expended:
7 *Provided,*”.

8 (2) Strike out “years ending June 30, 1965, and June
9 30, 1966, respectively,” and substitute “year ending June
10 30, 1967,”.

11 (d) Amend section 205, which relates to use of inter-
12 national lending organizations, to read as follows:

13 “SEC. 205. In order to serve the purposes of this title
14 and the policy contained in section 619, 15 per centum of
15 the funds made available for this title shall be available only
16 for transfer, on such terms and conditions as the President
17 determines, to the International Development Association,
18 the International Bank for Reconstruction and Development
19 or the International Finance Corporation for use pursuant
20 to the laws governing United States participation in such
21 institutions, if any, and the governing statutes thereof and
22 without regard to section 201 or any other requirements of
23 this or any other Act.”

1 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
2 GRANTS

3 SEC. 103. Title II of chapter 2 of part I of the Foreign
4 Assistance Act of 1961, as amended, which relates to tech-
5 nical cooperation and development grants, is amended as
6 follows:

7 (a) Section 211, which relates to general authority, is
8 amended as follows:

9 (1) In the second sentence of subsection (a) strike out
10 “and” at the end of clause (5) and strike out the period at
11 the end of the sentence and insert a comma and the follow-
12 ing: “(7) the degree to which the recipient country is
13 making progress toward respect for the rule of law, free-
14 dom of expression and of the press, and recognition of the
15 importance of individual freedom, initiative, and private
16 enterprise, and (8) whether or not the activity to be financed
17 will contribute to the achievement of self-sustaining growth.”

18 (2) At the end thereof, add the following new sentence:
19 “The authority of this title shall not be used to furnish assist-
20 ance to more than forty countries in any fiscal year, except
21 that such assistance may be furnished to any additional coun-
22 try with respect to which (i) the President shall have sub-
23 mitted to the Committee on Foreign Relations of the Senate

1 and the Committee on Foreign Affairs of the House of Repre-
2 sentatives a report stating that the furnishing of assistance
3 to such additional country during such fiscal year is in the
4 national interest and giving his reasons therefor, and (ii)
5 each such committee shall have adopted a resolution approv-
6 ing the furnishing of assistance to such additional coun-
7 try during such fiscal year.”

8 (3) At the end thereof add the following new subsec-
9 tion:

10 “(d) Funds made available under section 212 may be
11 used for assistance, on such terms and conditions as the
12 President may specify, to research and educational institu-
13 tions in the United States for the purpose of strengthening
14 their capacity to develop the resources likely to be needed
15 for programs concerned with the economic and social devel-
16 opment of less developed countries.”

17 (b) Section 212, which relates to authorization, is
18 amended by striking out “1966” and substituting “1967”.

19 (c) Section 214, which relates to American schools,
20 and hospitals abroad, is amended as follows:

21 (1) Subsection (c), which relates to authorization, is
22 amended by striking out “1966, \$7,000,000” and substitut-
23 ing “1967, \$10,989,000”.

1 (2) At the end of such section add the following new
2 subsection:

3 “(d) There is hereby authorized to be appropriated
4 to the President for the purposes of section 214 (b), in addi-
5 tion to funds otherwise available for such purposes, for fiscal
6 year 1967, \$1,000,000 in foreign currencies which the Sec-
7 retary of the Treasury determines to be excess to the normal
8 requirements of the United States.”

9 TITLE III—INVESTMENT GUARANTIES

10 SEC. 104. Title III of chapter 2 of part I of the
11 Foreign Assistance Act of 1961, as amended, which relates
12 to investment guaranties, is amended as follows:

13 (a) Section 221, which relates to general authority
14 for investment guaranties, is amended as follows:

15 (1) In subsection (b), strike out “1967” in the fourth
16 proviso of paragraph (2) and substitute “1968”.

17 (2) Subsection (c) is amended to read as follows:

18 “(c) No guaranty shall exceed the actual dollar in-
19 vestment, as of the date of the investment, made in the
20 project with the approval of the President plus earnings or
21 operating profits actually accrued on said investment to the
22 extent provided by such guaranty, nor shall any guaranty

1 of an equity investment extend beyond twenty years from
2 the date of issuance.”

3 (b) Section 224 (c), which relates to housing projects
4 in Latin American countries, is amended as follows:

5 (1) After “\$400,000,000” insert “of which at least
6 \$50,000,000 of the issuing authority provided for in the
7 Foreign Assistance Act of 1965 shall be available solely for
8 the purposes of section 224 (b) (1) ”.

9 (2) Strike out “1967” and substitute “1968”.

10 TITLE VI—ALLIANCE FOR PROGRESS

11 SEC. 105. Title VI of chapter 2 of part I of the Foreign
12 Assistance Act of 1961, as amended, which relates to the
13 Alliance for Progress, is amended as follows:

14 (a) Section 251, which relates to general authority, is
15 amended as follows:

16 (1) Subsection (b) is amended as follows:

17 (i) In the second sentence, strike out “and” at the end
18 of clause (3) and strike out the period at the end of the sen-
19 tence and insert a semicolon and the following: “(5) the
20 degree to which the recipient country is making progress
21 toward respect for the rule of law, freedom of expression
22 and of the press, and recognition of the importance of indi-
23 vidual freedom, initiative, and private enterprise; (6) the
24 degree to which the recipient country is taking steps to

1 improve its climate for private investment, both domestic and
2 foreign, through encouragement of maximum private owner-
3 ship in new and existing industry, through nondiscriminatory
4 treatment between national and nonnational and between
5 public and private enterprises and products, through adequate
6 protection of industrial property rights (such as patents and
7 trademarks) ; (7) whether or not the activity to be financed
8 will contribute to the achievement of self-sustaining growth;
9 and (8) the extent to which the activity to be financed will
10 contribute to the economic or political integration of Latin
11 America.”

12 (ii) At the end of such subsection add the following
13 new sentence: “Funds made available under this title which
14 are not required to be used for loans shall be available for
15 the purposes of section 211 (d).”

16 (2) At the end of such section add the following new
17 subsection:

18 “(h) Loans may be made under authority of this title
19 only to support national economic plans which have been
20 approved by the Inter-American Committee for the Alliance
21 for Progress. Whenever the President determines that the
22 purposes of this title would be better served thereby, he
23 may make available, in addition to any other funds available

1 for such purposes, on such terms and conditions as he deter-
2 mines, not to exceed 15 per centum of the funds made avail-
3 able for this title to the Inter-American Development Bank,
4 or to any of the institutions named in section 205, for use
5 pursuant to the laws governing United States participation
6 in the said Bank or in such institutions and the governing
7 statutes thereof and without regard to section 201 or any
8 other requirements of this or any other Act.”

9 (b) Section 252, which relates to authorization, is
10 amended as follows:

11 (1) Strike out in the first sentence the words beginning
12 with “each of the fiscal years” the first time they appear
13 through the words “each such fiscal year” the last time they
14 appear, and substitute “the fiscal year 1967, not to exceed
15 \$543,000,000, which sum is authorized to remain available
16 until expended and which, except for not to exceed \$87,-
17 700,000,”.

18 (2) Strike out the penultimate sentence.

19 (3) In the final sentence, strike out the words “years
20 ending June 30, 1965 and June 30, 1966, respectively” and
21 substitute “year ending June 30, 1967”.

1 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
2 REGIONAL PROGRAMS

3 SEC. 106. Chapter 2 of part I of the Foreign Assistance
4 Act of 1961, as amended, is amended by adding at the end
5 a new title as follows:

6 “TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
7 REGIONAL PROGRAMS

8 “SEC. 271. GENERAL PROVISIONS.—(a) The accelera-
9 tion of social and economic progress in southeast Asia is im-
10 portant to the achievement of the United States foreign
11 policy objectives of peace and stability in that area. It is
12 the sense of Congress that this objective would be served
13 by an expanded effort by the countries of southeast Asia and
14 other interested countries in cooperative programs for social
15 and economic development of the region, employing both
16 multilateral and bilateral channels of assistance.

17 “(b) The President is authorized to furnish assistance,
18 on such terms and conditions as he may determine, in order
19 to promote social and economic development and stability
20 in southeast Asia through multilateral institutions and pro-
21 grams and projects serving regional development purposes.

1 Such institutions, programs, and projects may include but
2 are not limited to special funds of the Asian Development
3 Bank, consortia organized for particular programs and proj-
4 ects, and regional arrangements such as the Mekong develop-
5 ment program.

6 “SEC. 272. SPECIAL PROVISIONS.—(a) In providing
7 assistance to further the purposes of this title the President
8 shall take into account:

9 “(1) initiatives in the field of social and economic
10 development by Asian peoples and institutions;

11 “(2) regional economic cooperation and integra-
12 tion in southeast Asia;

13 “(3) the extent of participation by other potential
14 donor countries;

15 “(4) the degree of peaceful cooperation among
16 the countries of southeast Asia toward the solution of
17 common problems; and

18 “(5) the ability of multilateral institutions or other
19 administering authorities to carry out projects and pro-
20 grams effectively, efficiently, and economically.

21 “(b) In the event that funds made available under this
22 Act are used by or under the supervision of the Interna-
23 tional Bank for Reconstruction and Development or the
24 Asian Development Bank in furtherance of the purposes

1 of this title, such funds may be used without regard to the
2 requirements of this or any other Act.

3 “SEC. 273. USE OF FUNDS.—In furtherance of the pur-
4 poses of this title in the fiscal year 1967, the President is
5 authorized to use not to exceed \$50,000,000 of the funds
6 made available under this Act.”

7 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 8 AND PROGRAMS

9 SEC. 107. Chapter 3 of part I of the Foreign Assistance
10 Act of 1961, as amended, which relates to international or-
11 ganizations and programs, is amended as follows:

12 (a) Section 301 (a), which relates to general authority,
13 is amended by inserting after the words “by such organiza-
14 tions” the words “, and in the case of the Indus Basin De-
15 velopment Fund administered by the International Bank
16 for Reconstruction and Development to make grants and
17 loans payable as to principal and interest in United States
18 dollars and subject to the provisions of section 201 (d),”.

19 (b) Section 301 (b), which relates to general authority,
20 is amended by striking out “United Nations Expanded Pro-
21 gram of Technical Assistance and the United Nations Special
22 Fund” and substituting “United Nations Development
23 Program”.

1 (c) Section 302, which relates to authorization, is
2 amended by striking out "1966" and "\$144,755,000" and
3 substituting "1967" and "\$140,433,000", respectively.

4 CHAPTER 4—SUPPORTING ASSISTANCE

5 SEC. 108. Chapter 4 of part I of the Foreign Assistance
6 Act of 1961, as amended, which relates to supporting assist-
7 ance, is amended as follows:

8 (a) Section 401, which relates to general authority, is
9 amended by striking out the period at the end thereof and
10 inserting a colon and the following: "*Provided*, That not
11 more than ten countries may receive assistance under the
12 authority of this chapter in any fiscal year, unless the Presi-
13 dent determines that it is in the national interest of the
14 United States to furnish such assistance to an additional
15 country or countries. Any such determination, together
16 with the reasons therefor, shall be reported to the Committee
17 on Foreign Relations of the Senate and to the Speaker of
18 the House of Representatives."

19 (b) Section 402, which relates to authorization, is
20 amended as follows:

21 (1) Strike out " , without regard to section 649 ,".

22 (2) Strike out "1966" and "\$684,200,000" and sub-
23 stitute "1967" and "\$700,000,000", respectively.

24 (3) Strike out the second sentence.

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is

(a) Subsection (a) is amended as follows:

(1) Strike out “1966” and “\$150,000,000” in the first sentence and substitute “1967” and “\$70,000,000”, respectively.

(2) Strike out the second and third sentences.

(b) Subsection (b) is amended by striking out “the first sentence of”.

CHAPTER 6—ASSISTANCE TO NON-INDUSTRIALIZED COUNTRIES

SEC. 110. Chapter 6 of part I, which relates to assistance to countries having agrarian economies, is amended as follows:

(a) Amend the heading to read: “Assistance to Non-Industrialized Countries”.

(b) Add the following new section:

“SEC. 462. ASSISTANCE FOR POPULATION CONTROL.—Funds made available for use under this part may be used, when so requested by the recipient country, to furnish technical and other assistance for the control of population growth.”

1 CHAPTER 7—JOINT COMMISSIONS ON RURAL
2 RECONSTRUCTION

3 SEC. 111. Part I of the Foreign Assistance Act of 1961,
4 as amended, is amended by adding at the end thereof a new
5 chapter as follows:

6 “CHAPTER 7—JOINT COMMISSIONS ON RURAL
7 RECONSTRUCTION

8 “SEC. 471. JOINT COMMISSIONS ON RURAL RECON-
9 STRUCTION.—(a) The President is authorized to conclude
10 agreements with underdeveloped countries in Asia and Africa
11 providing for the establishment in such countries of Joint
12 Commissions on Rural Reconstruction each of which shall be
13 composed of two citizens of the United States appointed by
14 the President and three citizens of the country in which the
15 Commission is established. Each such agreement shall pro-
16 vide that the members who are citizens of the country in
17 which the Commission is established shall be selected in such
18 manner and for such terms of office as will insure to the
19 maximum extent possible their tenure and continuity in
20 office independently of any changes in political regimes in
21 such country.

22 “(b) A commission established pursuant to an agree-
23 ment authorized by this section shall be authorized to formu-
24 late and carry out programs for reconstruction in rural areas
25 in the country in which it is established, which shall include

1 such research and training activities as may be necessary or
2 appropriate for such reconstruction.

3 “(c) Not to exceed 10 per centum of the funds made
4 available pursuant to section 212 shall be available to the
5 President in negotiating and carrying out agreements entered
6 into under this section, including the financing of appropri-
7 ate activities of Commissions established pursuant to such
8 agreements.

9 “(d) The furnishing of assistance under this section
10 shall not be construed as an express or implied assumption
11 by the United States of any responsibility for making further
12 contributions for such purpose.”

13 PART III

14 CHAPTER 1—GENERAL PROVISIONS

15 SEC. 201. Chapter 1 of part III of the Foreign Assist-
16 ance Act of 1961, as amended, which relates to general pro-
17 visions, is amended as follows:

18 (a) Section 604, which relates to procurement, is
19 amended as follows:

20 (1) Subsection (c), which relates to procurement of
21 agricultural commodities, is amended by striking out the word
22 “surplus” each time it appears and by inserting “or product
23 thereof available for disposition under the Agricultural Trade
24 Development and Assistance Act of 1954, as amended,”
25 after the word “commodity” the first time it appears.

1 (2) Add the following new subsection:

2 “(e) No funds made available under this Act shall be
3 used for the procurement of any agricultural commodity or
4 product thereof outside the United States when the domestic
5 price of such commodity is less than parity.”

6 (b) Section 608 (a), which relates to advance acqui-
7 sition of property, is amended by inserting “(including per-
8 sonnel costs)” after the word “costs” the first time it appears
9 in the first sentence.

10 (c) Section 612, which relates to the use of foreign
11 currencies, is amended by adding a new subsection as follows:

12 “(c) In addition to funds otherwise available, and not-
13 withstanding section 1415 of the Supplemental Appropria-
14 tions Act of 1953, excess foreign currencies, as defined in
15 subsection (b), may be made available to friendly foreign
16 governments and to private, nonprofit United States organi-
17 zations to carry out voluntary family planning programs in
18 countries which request such assistance. No such program
19 shall be assisted unless the President has received assurances
20 that in the administration of such program the recipient will
21 take reasonable precautions to insure that no person receives
22 any family planning assistance or supplies unless he desires
23 such services. The excess foreign currencies made available
24 under this subsection shall not, in any one year, exceed 5
25 per centum of the aggregate of all excess foreign currencies.

1 “As used in this subsection the term ‘voluntary family
2 planning program’ includes, but is not limited to, demo-
3 graphic studies, medical and psychological research, person-
4 nel training, the construction and staffing of clinics and rural
5 health centers, specialized training of doctors and paramedical
6 personnel, the manufacture of medical supplies, and the dis-
7 semination of family planning information, medical assist-
8 ance, and supplies to individuals who desire such assistance.”

9 (d) Section 614 (c), which relates to special authori-
10 ties, is amended by adding at the end thereof the following:
11 “The President shall promptly and fully inform the Speaker
12 of the House of Representatives and the chairman and rank-
13 ing minority member of the Committee on Foreign Relations
14 of the Senate of each use of funds under this subsection.”

15 (e) Section 620 (k), which relates to prohibition on
16 furnishing assistance for construction of certain productive
17 enterprises, is amended to read as follows:

18 “(k) Without the express approval of Congress, no
19 assistance shall be furnished under this Act to any country
20 for construction of any productive enterprise, nor shall any
21 assistance be furnished under chapter 2 of the Military
22 Assistance and Sales Act to any country for carrying out
23 any program, with respect to which the aggregate value
24 of assistance to be furnished by the United States will exceed

1 \$100,000,000. No other provision of this or any other
2 Act shall be construed to authorize the President to waive
3 the provisions of this subsection.”

4 CHAPTER 2—ADMINISTRATIVE PROVISIONS

5 SEC. 202. Chapter 2 of part III of the Foreign Assist-
6 ance Act of 1961, as amended, which relates to administra-
7 tive provisions is amended as follows:

8 (a) Section 622, which relates to coordination with
9 foreign policy, is amended as follows:

10 (1) Subsection (b) is amended by striking out “in-
11 cluding any civic action and sales program)” and substitut-
12 ing “(including civic action) or sales programs”.

13 (2) Subsection (c) is amended by striking all after
14 “general direction of” and substituting “economic assistance
15 and military assistance and sales programs, including but not
16 limited to determining whether there shall be a military
17 assistance (including civic action) or sales program for a
18 country and the value thereof, to the end that such programs
19 are effectively integrated both at home and abroad and the
20 foreign policy of the United States is best served thereby.”

21 (b) Section 635 (h), which relates to general authori-
22 ties, is amended by inserting “(except development loans)”
23 after “II, V, and VI”.

1 (c) Section 637, which relates to administrative ex-
2 penses, is amended as follows:

3 (1) In subsection (a) strike out “1966” and substitute
4 “1967”.

5 (2) In subsection (b) strike out “such amounts as may
6 be necessary from time to time” and substitute “for the fiscal
7 year 1967 not to exceed \$3,100,000”.

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

JULY 7, 1966

Ordered to be placed on the calendar

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued July 13, 1966
For actions of July 12, 1966
89th-2nd; No. 110

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HIGHLIGHTS: Senate committee reported agricultural appropriation bill. Senate passed child nutrition bill. House debated foreign aid authorization bill. House agreed to Senate amendments to screw-worm eradication bill. House agreed to Senate amendments to pay bill.

SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1967. The Appropriations Committee reported with amendments this bill, H. R. 14596 (S. Rept. 1370) (p. 14512). Attached to this Digest is the committee report, which includes a statement of committee actions. Sen. Proxmire expressed disappointment in the appropriation for the special milk program and stated that he is contemplating asking for an amendment to provide \$110 million for this program (p. 14541).

2. WATER RESOURCES. Passed as reported S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States. pp. 14561-70
3. AIR POLLUTION. Passed as reported, 80-0, S. 3112, the proposed Clean Air Act Amendments of 1966. Sen. Muskie stated that "The primary purposes of the bill are to consolidate appropriation authorizations in the Clean Air Act and to authorize funds to continue the program through 1969." pp. 14570-84
4. CHILD NUTRITION. Passed as reported, 76-0, S. 3467, the child nutrition bill. Rejected, 37-42, an amendment by Sen. Ribicoff to establish a special summer lunch program (pp. 14584-6, 14589-609). The bill, with the committee amendment, would amend the National School Lunch Act by adding provisions for:
 - "(1) A special milk program for fiscal years 1967, 1968, 1969, and 1970...
 - "(2) A pilot breakfast program for fiscal years 1967 and 1968 in schools drawing attendance from poor economic areas and in schools to which the children must travel long distances...
 - "(3) A permanent program for nonfood assistance to schools drawing attendance from areas in which poor economic conditions exist...; and
 - "(4) General administration..., including provision for--
 - (A) appropriation of funds to assist State educational agencies, when necessary, in administering additional activities...;
 - (B) authorizing the Secretary to extend school feeding programs under the act to include preschool programs operated as part of the school system; and
 - (C) centralization in the Department of Agriculture of the administration of Federal programs to assist school feeding programs."
5. WATER POLLUTION. Began debate on S. 2947, to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such Act. pp. 14610-14
6. ROADS. A subcommittee of the Public Works Committee approved for full committee consideration with amendments S. 3155, the proposed Federal-Aid Highway Act of 1966. p. D610
7. FOREIGN AID. Sen. Javits discussed and submitted an amendment to S. 3584, the foreign aid authorization bill, which "would propose an across-the-board, 2-year authorization for the economic aid portion of the foreign aid bill." pp. 14527-8
8. WATER FOR PEACE. Sen. Moss commended the provisions of S. J. Res. 167, to organize and hold an International Conference on Water for Peace and asked that his name be added as a cosponsor. pp. 14529-30
9. ECONOMY. Sen. Proxmire spoke in opposition to any tax increase at this time. p. 14530
Sen. Proxmire criticized the "spiraling" interest rates and inserted excerpts from the Wall Street Journal on the subject. pp. 14534-7

July 12, 1966

10. RECREATION. Sen. Nelson spoke in favor of the bill to establish a program for the preservation of additional historic properties throughout the Nation. pp. 14539-40
11. STATION TRANSFERS. Sen. Tower commended passage of legislation to provide for reimbursement of certain moving expenses of Government employees. p. 14540
12. EDUCATION. Sen. Dominick commended and inserted a speech, "Aiding Higher Education Through Income Tax Credits for Tuitions and Gifts." pp. 14556-61
13. LIVESTOCK. Sen. Tower inserted a resolution favoring an expansion of facilities of the Packers and Stockyards Division of this Department. p. 14542
14. PARITY PRICES. Sen. Church commended and inserted an article praising the role of Sen. McGovern in drafting and sponsoring recently passed S. Con. Res. 88, relative to parity prices for agricultural commodities. pp. 14540-1

HOUSE

15. SCREW-WORM. Concurred in Senate amendments to H. R. 14888, to authorize this Department to cooperate in screw-worm eradication in Mexico. This bill will now be sent to the President. p. 14625
16. PERSONNEL; PAY. Concurred in Senate amendments to H. R. 14122, the proposed Federal Employees' Salary Act of 1966. This bill will now be sent to the President. pp. 14637-43, 14705
17. FOREIGN AID. Began debate on H. R. 15750, the foreign aid authorization bill. pp. 14644-64, 14695
18. LANDS. A subcommittee of the Interior and Insular Affairs Committee approved for full committee consideration, S. 1674, amended, to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources (including certain Forest Service lands); p. D611
19. WATER AND AIR POLLUTION. Rep. Clarence J. Brown, Jr., spoke in support of his bill, H. R. 16078, to allow an incentive tax credit for the cost of construction of facilities for the control of water and air pollution. p. 14625
20. RECLAMATION. Rep. Saylor commended and inserted an article opposing the proposed construction of Central Arizona project dams on the Colorado River. p. 14626
21. FOOD IRRADIATION. Reps. Price and Bates praised the possible long-range benefits of food irradiation and urged additional research and development in this area. pp. 14668-70
22. TRUTH-IN-PACKAGING. Rep. Arends stated that there is "some merit" in the truth-in-packaging bill but that he does not believe "that the Secretary of Commerce should have the authority to compel uniformity in packaging," and inserted an article on the subject. pp. 14671-2
23. INTERGOVERNMENTAL RELATIONS. Rep. Younger inserted a speech, "Federal Grants and the Decline of the Federal System." pp. 14672-6

24. WAR ON POVERTY. Rep. Gibbons commended the Jobs Corps and other aspects of the war on poverty and inserted some articles on the subject. pp. 14703-5
25. DEMONSTRATION CITIES. Rep. Hansen, Iowa, inserted an American Institute of Architects resolution favoring the demonstration cities program as included in H. R. 15890, the proposed Housing and Urban Development Act of 1966. p. 14701

ITEMS IN APPENDIX

26. RECREATION. Sen. Randolph inserted Sen. Byrd's article describing the beauty of the Spruce Knob-Seneca Rocks National Recreation Area. p. A3605
27. WORLD HUNGER. Rep. Hanna inserted an article, "World Hunger: Enemy of Prosperity." pp. A3624-7
28. PERSONNEL. Rep. Gubser inserted a speech, "What Price Competence?", discussing the problem of attracting the best possible people into Government service. pp. A3633-4
29. FARMERS. Extension of remarks of Rep. Callan commending and inserting an article, "The American Farmer--God Bless Him." p. A3637
30. WATERSHEDS. Extension of remarks of Rep. Bandstra expressing his "deep concern over the Bureau of the Budget's recently adopted policy with regard to new projects under the U. S. Soil Conservation Service watershed program." p. A3641
31. FOREIGN AID; WHEAT. Speech in the House by Rep. Ashbrook questioning the President's proposal to give India wheat, and inserting an article, "India: Too Poor To Be Effective--Too Big To Be Ignored." pp. A3646-9

BILLS INTRODUCED

32. LOANS. S. 3606 by Sen. Talmadge, to provide assistance to first processors of agricultural commodities who have suffered substantial losses because of the economic impact of commodity programs of the Department of Agriculture; to Agriculture and Forestry Committee.
33. PESTICIDES. S. 3608 by Sen. Nelson, to prohibit the sale or shipment for use in the United States of the chemical compound known as D.D.T.; to Agriculture and Forestry Committee. Remarks of author pp. 14517-526
34. FISH PROTEIN. H. R. 16145 by Rep. Hanna and H. R. 16173 by Rep. Tupper, to authorize the Secretary of the Interior to develop, through the use of experiment and demonstration plants, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate; to Merchant Marine and Fisheries Committee. Remarks of Rep. Hanna, pp. 14700-1
35. EDUCATION. H. R. 16142 by Rep. Ford, to amend Public Law 874, 81st Congress, with respect to the administration of certain federally operated schools; to Education and Labor Committee.

rest on the very economic foundations of this great Nation. Our Founding Fathers sought to strike at poverty and to encourage Americans, through their own exertions and through competition, to fulfill the dreams and ambitions that brought them to this land. By and large, the early colonists were a poor and disadvantaged people. But they were blessed with the courage and faith to create a freedom under which a newly organized, self-governing society could grow and prosper. Their belief in the benefits of a free, competitive economic system was the essential factor in America's future prosperity and growth.

Today, the United States stands as a living symbol to the faith of those first Americans. This country represents to most of our 200 million people a fulfillment of man's desire to stand on his own, the basis of a successful free and private enterprise system. It is the continuing belief in the value of this system which supports the introduction of the proposal by my able colleague from New York and also the amendment I now offer to the Senate.

Mr. President, the goal of the anti-poverty program is to assist the underprivileged citizens of this Nation. It seeks to reach into the darkness of an impoverished and disadvantaged segment of our society and bring the light of opportunity: the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity.

But opportunity can never result from merely extending the long arm of government into every nook and cranny of our economy and society. It is this approach, unfortunately, which has characterized the failures of the anti-poverty program; failures which have largely ignored the economic system that guides opportunity in America today.

The present program attempts, through the Economic Opportunity Act, to train and to teach the disadvantaged, but it ignores the need for personal incentive. It strives to unite community action behind the war on poverty, but fails adequately to incorporate the economic weapons of private enterprise. It seeks to provide financial assistance to the poor, but fails to give them a chance for full participation in the operations of our economy.

Public expenditures alone cannot accomplish the goals of this program. To be successful, the war against poverty must recognize the need—and the desire—of man to help himself. It must recognize the necessity for man to participate fully in the broad range of American society.

Members of the Republican minority have consistently advocated a larger role for private industry in the anti-poverty program. Last year, along with 21 of my Republican colleagues, I coauthored S. 2509, the Human Investment Act, introduced by the distinguished junior Senator from Vermont [Mr. PROUDY]. It would provide tax incentives to encourage private industry to offer job training opportunities. I regret that the Senate has yet to take action on this measure.

The Human Investment Act, together with the proposed Economic Opportunity Corporation, are two examples of constructive, creative thinking for a broader role of private industry in the anti-poverty program. These are workable alternatives to expanding the arm of Federal Government into every precinct of American society. Our goal is really not anti-poverty but, rather, a decent standard of living for every citizen. The wealth of this Nation has been built by the dynamic forces of free bargaining in our free society and in our open market.

Today, the administration persists in controlling those aspects of the program in which the efforts of private enterprise would prove more efficient and effective than those of the Government. Under the Job Corps program, for example, the efforts of Government can be surpassed by those of the private sector of our economy. At the present time, the Government spends an average of \$899 per person for 800 hours of vocational training, a figure which does not include the extensive overhead costs and administrative costs that are always incurred. Private enterprise, on the other hand, is now training the same Job Corps skills for a price well below that of the Government; and one which does include overhead and administrative costs for the same training period. A chart containing information from both business and Government sources, which I ask be printed in the RECORD at this point, presents this analysis of the training costs of various job skills undertaken by both private enterprise and the Job Corps. In each instance, the private programs reflect a considerable saving compared to the costs of Government.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Vocational training costs per 800 hours		
	Private programs (includes all training, administrative, overhead, and capital depreciation costs)	Jobs Corps (direct teaching and training costs only; average cost figure released by OEO)
Electronic computer repairman.....	\$800	\$899
Drycleaner.....	885	899
Radio-TV repairman.....	640	899
Stenographer.....	525	899
Hospital orderly.....	880	899
Auto mechanic.....	700	899
Machinist.....	700	899
Average cost figures.....	730	899

Mr. KUCHEL. Mr. President, no economic or administrative reason exists why Government should control this aspect of the program. There are numerous other areas, besides manpower training, in which private enterprise can be encouraged to take an effective role in the anti-poverty campaign, such as urban development, housing, and efforts to assist small business.

Congress should clearly state its intent to encourage maximum participation by private enterprise in fulfilling the goals and policies of the Economic Opportu-

nity Act, and the act should be administered accordingly. It should not be a matter of discretion with the Office of Economic Opportunity. Private enterprise should be given a priority in carrying out those functions of the statute in which its operations prove as effective as those of the Government.

I offer the following amendment to be incorporated in the declaration of purpose clause of the Economic Opportunity Act:

It is the sense of the Congress that it is necessary to employ the resources of the private sector of the economy of the United States in all such efforts to further the policy of this Act. It is the intent of the Congress that, consistent with achieving the objectives of this Act, whenever the utilization of resources of the private sector of the economy would be at least as effective as the resources of the government, private enterprise should be given priority in carrying out programs authorized by this Act.

That priority should be written into the law.

Mr. President, I ask unanimous consent that the amendment, which would declare congressional intention in accordance with what I have just read, lie at the desk until Friday of this week for additional cosponsors.

The PRESIDING OFFICER. The amendment will be received, and appropriately referred; and, without objection, the amendment will lie on the desk, as requested by the Senator from California.

The amendment (No. 638) was received and referred to the Committee on Labor and Public Welfare.

AMENDMENT TO AUTHORIZE 2-YEAR FOREIGN ECONOMIC AID PROGRAM

AMENDMENT NO. 639

Mr. JAVITS. Mr. President, I submit an amendment to the foreign aid bill (S. 3584) which we will be discussing at the end of the week.

The amendment is on behalf of myself and Senators FONG, HARRIS, INOUE, MOSS, and NELSON. I have assurances of a considerable degree of additional support for the amendment.

Mr. President, the amendment would propose an across-the-board, 2-year authorization for the economic aid portion of the foreign aid bill.

The Foreign Relations Committee's decision, by a split vote, to reject the President's request that economic aid be authorized for a 5-year period represents a serious setback for the more effective administration of economic aid.

For many years now, distinguished leaders of business, the academic world and government have testified before the committees of Congress urging the adoption of a policy of multiyear authorizations for foreign aid to increase its efficiency and to permit aid recipients to plan their own efforts more effectively. I agree with this approach.

I disagree with those who hold that approval of multiyear authorizations would result in the lessening of congressional control over foreign aid. Checks are available both through the appropriations process and by retaining the

right to terminate any aspect of the program, should there be proper justification.

I intend to argue these points fully during the coming debate on the foreign aid bill.

I repeat. We have been told time and time again that a multiyear authorization is absolutely indispensable. There is no diminution of the amount of congressional control that we have. We have congressional control through appropriations and also through legislative oversight.

The only thing that we do through a 1-year authorization procedure is stand in our own way in terms of making the aid as effective as it should be.

Mr. President, I send the amendment to the desk and ask that it be printed.

I shall do my utmost to have it adopted, together with the aid of Senators who are cosponsors.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

AMENDMENT OF FEDERAL WATER POLLUTION CONTROL ACT—AMENDMENTS

AMENDMENT NO. 640

Mr. KENNEDY of Massachusetts submitted amendments, intended to be proposed by him, to the bill (S. 2947) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act, which were ordered to lie on the table, and to be printed.

AMENDMENT NO. 642

Mr. COOPER submitted amendments, intended to be proposed by him, to Senate bill 2947, supra, which were ordered to lie on the table, and to be printed.

AID SHOULD BE CUT OFF TO MILITARY JUNTAS—AMENDMENT

AMENDMENT NO. 641

Mr. JAVITS. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The recent military coup d'etat in Argentina represents another setback to constitutional and democratic government in Latin America and to U.S. principles as well. It will not be the last military coup unless the United States puts aspiring military dictators on notice that we will reject such designs in this hemisphere. We have certainly been firm about rejecting Communist designs on this hemisphere.

I believe that the United States can put aspiring military dictators on notice and discourage their plans by giving standing notice that those who come to power by unconstitutional means will not receive U.S. aid.

For too long the United States has publicly scolded but, on occasion, privately accepted military takeovers. All they seemingly had to do was to dredge up an alleged Communist threat and make some vague promises about future free elections to garner U.S. support.

Certainly, in some cases, there was a real Communist danger. In many, however, there was only a legitimate civilian government trying to struggle with the vast problems a developing nation confronts.

I believe it is specious and dangerous to argue, as many have, that we should tolerate rightist but condemn leftist dictatorships. If we quietly condone the former while we only condemn the latter, the longrun result will be the disenchantment of the people of Latin America and the strengthening of the Communist cause, and we would forfeit the most precious assets of a democracy: principle, public trust, and confidence.

There are those who have already abandoned hope in democratic development in Latin America as a whole, preferring to place their reliance instead on the young, progressive type of military government which has emerged in some places in the hemisphere in recent years. The economic and social goals of the Alliance for Progress, it is said, may more quickly and easily be reached by the methods available to such governments than by the trials and errors of democracy. But while some significant reforms have undoubtedly been pushed through by military regimes in certain Latin American countries, and while a progressive military regime is preferable to a reactionary one, the promotion and encouragement of Latin American military regimes in politics is not a policy goal for which Americans can feel any enthusiasm.

The United States has acted properly by suspending diplomatic relations with Argentina. We should withhold recognition from the new regime there until we get firm assurances of a return to civilian constitutional rule, of the holding of free elections and of the reapplication of human and civilian rights and liberties within a reasonable time period.

I, therefore, submit an amendment to the foreign aid bill to cut off economic and military aid to military juntas in Latin America, subject to the President's authority to restore such aid if required by the national security interest. Its purpose is to put would-be military takeover regimes on notice that our support, both economic and military, would not be automatic.

At present, would-be military regimes may be counting on the fact that they are not specifically precluded from receiving U.S. aid. My amendment, if adopted, would remove certainty from this calculation. It would narrow the gap that presently exists in U.S. policy between different forms of nonconstitutional government.

As a practical matter, this gap cannot be closed with one blow. The President, under my amendment may make the distinction between military regimes in terms of our national interest. It is possible, for example, to make a distinction between a military regime which comes to power as the only alternative to a Communist takeover and a military regime which usurps power from a legitimate elected civilian government where no real Communist threat exists. If the President should decide to give recognition and aid to a military regime, he

must first demonstrate to Congress that the national security interest did, in fact, require this and the military regime itself must demonstrate its good faith by taking concrete steps toward the resumption of constitutional government.

The examples of Brazil and Argentina show that such a distinction can be made.

In the case of Brazil, there was a widespread feeling that it was necessary to thwart an imminent seizure of leftist dictatorial power with the connivance and in the interest of international communism. Also, new elections for President and the national and state legislatures have been promised and are scheduled to take place this October and November, respectively.

In Argentina, there was no corresponding Communist threat. The economic situation was admittedly tough, but the problems could have been dealt with by the civilian authorities given the strong support of those who chose instead to overthrow the duly elected Illia government. And as of now, there is no evidence that there will be a quick return to civilian constitutional government in Argentina.

I believe that the United States should show its displeasure with the actions of the Argentine military regime by cutting off—subject to the President's authority to restore—military and economic aid. The stopping of this aid, totaling \$14.4 million in fiscal year 1966—\$1.9 million economic and \$12.5 million military—while not significant economically, would be an important symbolic act.

We must encourage constitutional government in Latin America. Former President Illia's government—and I was in Argentina in March for the meetings of the Inter-American Economic and Social Council—had its troubles, very real troubles, but that is the course of democracy. If, every time there are troubles in a Latin American country and the only solution will be a military or a leftist takeover, then stability will never come to Latin America.

It is for these reasons that I hope the Senate will look favorably upon the amendment which I propose. I ask unanimous consent that the amendment be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 641) is as follows:

On page 20, between lines 3 and 4, insert a new subsection as follows:

“(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following new subsection:

“(p) No assistance shall be furnished under this Act to any Member State of the Organization of American States the government of which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, unless (1) the President finds that the prohibition against furnishing such assistance is contrary to the national security interest of the United States, or (2) the President is satisfied that

the government of such Member State has agreed to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties within such Member State."

WATER FOR PEACE—ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Mr. MOSS. Mr. President, since the beginning of time, the people who have inhabited the western portion of this continent have been faced with one central, controlling fact of existence: Without water there can be no progress, no peace, and, indeed, no life itself. The pueblo ruins preserved in Mesa Verde National Park bear silent witness that, even during the days when Mongol hordes were invading Europe, water was the life blood in what is now the western part of the United States—and drought meant death, destruction, and decay.

We of the American West have learned this grim lesson, and we have learned the lessons of water conservation. We have been frugal and thoughtful in making do with that which we had.

Just a few short years ago it was the common belief that only the western half of America had any water problems. There was plenty of water east of the Mississippi River—all you had to do was turn on the tap.

Yet, today, the northeastern part of this Nation—where one-third of our population live and work—is entering the fifth year of the most severe drought in the history of the region. Our Great Lakes are dying of pollution, and every major river system, east and west, suffers under growing loads of pollutants.

We are gearing to clean up the mess we have made of our water resources. Hopefully, there is still time.

In 1963, Congress enacted the Land and Water Conservation Act—basically a recreation measure with water conservation benefits. In 1964, we approved the Water Resources Research Act. In 1965, we passed the Water Resources Planning Act, and the Water Pollution Control Act, and we accelerated the program to desalt ocean and brackish waters. The Clean Rivers Act of 1966 has received committee approval, and will be before this body later on this week.

Meanwhile, the old, established water programs continue. The 60-year-old reclamation program moves on to develop the water resources of the west, and the U.S. Army Corps of Engineers presses ahead with its active program of civil workers throughout the Nation.

The water picture throughout the world is as equally distressing as the one at home. Some 90 percent of the people in the less developed nations lack adequate water service or are being supplied with unsafe water. In 79 of the major nations of the world, only 11 percent of the people have water supply systems rated good or fair. The remaining 89 percent have unsatisfactory or grossly unsatisfactory water supplies. In some parts of the world, people exist on 3 gallons of water per day.

Unsafe water causes the death of 5 million children per year and incapacitates another 500 million people. The problems of famine are increasing, and increased water supplies are needed merely to maintain current starvation levels in many lands—much less improve the quality of life.

The impact of population growth alone on water resources is frightening. From the beginning of time to the birth of Christ, the total world population was one-quarter of a billion people. Eighteen hundred and thirty years later, the world's population stood at 1 billion. A century later, this figure doubled—and, in the past 36 years, another billion people have been added. By 1980, it is estimated that 4 billion people will live on this planet, and that by the beginning of the 21st century there will be 6 billion.

Yet, there is no more water on this planet than there was when the pharaohs built the pyramids, when Hannibal crossed the Alps, or when Christ was crucified.

Obviously, something must be done. While there are billions more people than at the dawn of creation, there is not a single additional drop of water. The stake that this world has in water cannot be understated. For centuries, man has been trying to find ways to supply himself with water and to use it properly. Where he has failed, the consequences have been tragic because a thirsty man is also a hostile man. If history teaches any lesson, it has taught us that no civilization has climbed on a falling water table, on polluted streams, or on arid acres.

Mr. President, last October, President Johnson called for a water for peace program. In addressing the first international symposium, the President said:

Since the beginning of time, fresh water has been one of humanity's precious needs. For it, wars have been fought. Without it, whole civilizations have vanished from the earth. . . . Our generation can end all that. We have the power—the power of science. But if we are to use that power effectively, we must work together. The earth's water belongs to all mankind. Together, we must find ways to make certain that every nation has its share, and that there is enough for all.

Today, I want to announce the beginning of a "Water for Peace Program." Under this new program, we will join in a massive, cooperative, international effort to find solutions for man's water problems. The United States is prepared to contribute its share of the resources needed for an international crash program to deal with world water resources. We ask other nations to join with us now in pursuit of a common objective—water for all humanity. Let future generations remember us as those who freed man forever from his most ancient and dreaded enemies, drought and famine.

Responding to the President's initiative, Secretary of the Interior Stewart L. Udall and Secretary of State Dean Rusk joined together to begin this assault on humanity's water problems. Task forces representing the finest water resources talent in the Federal Establishment have been working since then to develop a cooperative, international program to achieve the objectives of the Johnson administration. This program, when it is

finally formulated, will be presented to Congress for its consideration. It is, I am told, based on the premise that the interests of the United States in a peaceful world are paramount, that water is a global problem, and that all nations should contribute their fair share to improve the lot of all nations.

In addition to a substantive, long-term program to achieve the goal of water for mankind, President Johnson has planned an International Conference on Water for Peace—a conference which could easily be the most important of this generation. This meeting, however, will be more than the usual international meeting for the exchange of technical and scientific information. Delegates at a ministerial level will attend the conference so that specific problems can be identified and specific action programs and policies can be discussed. In a certain sense, the International Conference on Water for Peace will be the prolog to a vast, cooperative effort to develop the water resources of this planet.

This international conference, which also could be the largest international meeting held in the Nation's Capital, is the most effective means of bringing together representatives of governments to focus attention of the massive water problems which we all share in common. The subject matter to be covered at this meeting will be extensive:

Municipal and industrial water requirements; urban and rural supply problems and solutions, including health; water pollution; water for agriculture and fisheries; development and management of international river basins for flood control, navigation, hydroelectric power, water supply, fish and wildlife, and outdoor recreation; water desalination, including atomic dual-purpose plants; collection and dissemination of scientific data; water re-use; weather modification; water economics; and international water law.

There will be many things that we will teach—and, equally, there will be many things we can learn from other nations in this endeavor.

There are many reasons why I support the President's water-for-peace program, and why today I urge my colleagues to support the International Conference on Water for Peace. I will cite only one:

Despite aggressive efforts, famine stalks this planet. A 35-percent increase in world food production is required merely to keep up with population growth. Two-thirds of the people of the world live on an inadequate diet. This is not a world which we want to bequeath to the next generation. It is not a world of which we can be proud. It is not a world on which we have intelligently expended our talents and our time. It is, rather, a world which bespeaks of our neglect, our indifference, and our ignorance.

The distinguished chairman of the Foreign Relations Committee introduced, on June 15, Senate Joint Resolution 167 that would authorize President Johnson's International Conference on Water for Peace. I ask unanimous consent that my name be added as a cosponsor,

and I commend the resolution to my colleagues for their endorsement.

Whether we like it or not, this Nation and this globe are faced with water problems which could spell the end to civilization as we know it—and, if we are to solve these problems, we are going to have to explore all avenues of research, supply, re-use, and conservation. It is time that we begin.

The PRESIDING OFFICER. Without objection, the name of the Senator from Utah will be added as a cosponsor of the joint resolution.

NOTICE OF HEARING ON NOMINATION OF FRANK DI LUZIO TO BE ASSISTANT SECRETARY OF THE INTERIOR

Mr. JACKSON. Mr. President, the Committee on Interior and Insular Affairs on July 20 will conduct a hearing on the nomination of Frank Di Luzio to be Assistant Secretary of the Interior.

President Johnson on July 5 nominated Mr. Di Luzio to be in charge of water resources research, water pollution, and similar water programs in the Department of the Interior.

The hearing will begin at 10 o'clock a.m. in Room 3110 of the New Senate Office Building.

Mr. Di Luzio, of Kensington, Md., was staff director of the Senate Committee on Aeronautical and Space Sciences from April 1963, until his appointment as Director of the Office of Saline Water in December 1964. In the new position, he would continue to supervise the saline water program.

REPUBLICAN CALL FOR HIGHER TAXES ECONOMICALLY WRONG AND UNSOUND

Mr. PROXMIRE. Mr. President, yesterday a group of eminent Republicans contended that if the administration or the Congress were to increase spending then Federal taxes should be increased.

Mr. President, there will be substantial opportunities for the Congress to cut spending in various construction programs, the space programs, and elsewhere without seriously impeding the national defense, or the building of a better America and a better world.

There may have been a time for a cross-the-board tax hike. In fact, a strong case can be made against the action of the last Congress in 1964 reducing taxes by some \$11 billion.

But, Mr. President, the economic case against a tax increase today is very strong indeed. Opposition to a tax increase right now is a matter of solid economic sense, not political advantage. President Johnson is right in not calling for a tax increase.

This morning's newspapers reported that unemployment continues at 4 percent, well above the February low of 3.7 percent.

To raise taxes when unemployment is not declining is not only bad economics, it is cruel.

But the advocates of a tax hike argued yesterday that without such action, the country will suffer inflation.

This morning's newspapers reported that wholesale prices were stable again last month. They remain at virtually the same level they reached in February. That is 6 months of stability. And it is clear that wholesale prices lead, and to a very considerable extent determine, retail prices.

Last month retail prices, the Consumer Price Index, rose only one-tenth of 1 percent, a figure the economists call not statistically significant.

Mr. President consider what 51 of the Nation's economists in Government, labor unions, industrial corporations, universities and research organizations, investment firms, and commercial banking said in reply to a midyear questionnaire by Financial Commentator J. A. Livingston.

Do they expect an out-of-control booming economy, runaway inflation?

First they expect a tapering off—that is right, a tapering off in the rate of growth of the economy.

The second half increase this year will be 2.8 percent, followed by an increase of 2.6 percent in the first half and 2.2 percent in the second half of 1967. This is an increase in the gross national product. This increase will be achieved, according to these economists, without major inflation. The economists are betting that the cost of living will rise only 4 percent during the 18 months. There is solid statistical support for this position.

The weekly hours of work, according to economic indicators, were: February, 41.6; March, 41.5; April, 41.5; and May, 41.4. It is clear that our work force is expanding and it is unnecessary for us to have as much overtime as in the past.

Weekly earnings were the same in May as they had been in April. There is no indication that they increased last month.

Total industrial production has been rising since March at about one-half of the rate in 1963. Installment credit increased last month by the lowest amount since 1965. The stock market is down. Sensitive commodities, according to labor statistics, indicate we are more likely to have a falloff.

All of these statistics, together with the views of the competent nonpolitical economists, indicate that this is a bad time for a tax increase, and that it would be a serious mistake for the President to recommend it, or for Congress to adopt it.

VIETNAM

Mr. MANSFIELD. Mr. President, there has appeared recently in the St. Louis Post-Dispatch a series of five articles on Vietnam by the distinguished Washington correspondent, Mr. Richard Dudman.

Mr. Dudman has made a number of journeys to Vietnam and southeast Asia in recent years. At the end of each, he has reported his firsthand observations in articles of exceptional candor, objectivity, and balance. Subsequent developments have frequently attested to the accuracy of Mr. Dudman's reporting and to the acuteness of his perceptions.

The present series of articles helps to bring a measure of order and under-

standing to the confusing flow of events in Vietnam. The articles do not make pleasant reading but they are well worth the attention not only of the readers of the Post-Dispatch but of all thoughtful Americans and of the Senate and the officials of the Government who have responsibilities involving Vietnam. I ask unanimous consent that the series of five articles previously referred to be included at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

"REVOLUTIONARY DEVELOPMENTS," VIETNAM PACIFICATION VENTURE, RAISES SOME SERIOUS DOUBTS—MILD BUREAUCRATIC SCRAMBLE GOING ON AMONG U.S. OFFICIALS TO TAKE PART IN NEWEST EFFORT OF "OTHER WAR"

(By Richard Dudman)

(NOTE.—Richard Dudman has just returned from a two-month assignment in Viet Nam covering the political crisis and military developments. It was his third assignment there since 1962. This is the third in a series of articles on the situation and prospects.)

WASHINGTON, July 6.—"Revolutionary development," the latest pacification program in Viet Nam, has received heavy promotion and has stirred great expectations but its test of performance still lies ahead. The prospects appear only marginal.

This "other war" was given a strong send-off by President Lyndon B. Johnson when he told the South Viet Namese leaders at Honolulu that he was "determined not only to achieve victory over aggression, but to win victory over hunger, disease and despair."

So far, the chief result of the Honolulu meeting has been a political crisis that paralyzed much of the pacification and military effort for three months.

But so much money and importance have been given to the program that there has been something of a bureaucratic scramble among officials of the Embassy, the Agency for International Development, the Information Service and the Central Intelligence Agency, each trying to get a big piece of it. In a place where careers can easily be destroyed, there is a feeling that reputations can be made in the Revolutionary Development business.

On paper, the new program shows great promise and is a big improvement over the old "strategic hamlets" and the various other plans for organizing the population and ferreting out the Viet Cong.

The new plan calls for a combination of self-defense, good government, economic aid, welfare assistance and population and commodity control to cut off support to the insurgency.

The first 30-day class of 4800 cadres finished training a month ago at a special school run by Viet Namese officers assisted by the CIA at Vung Tao. Plans call for training 20,000 this year and eventually 150,000 of these pacification agents.

They learn techniques of paramilitary defense and rural organization as well as such political tricks as how to spread rumors, how to set up demonstrations, and how to counter antigovernment or anti-American demonstration when, say, a friendly village has been bombed by mistake.

Perhaps the most important part of the course is an effort to implant patriotism in a hurry. This political motivation training includes drills in Viet Namese slogans, songs and in the history of the nation's heroes. Discussion groups cover French colonialism, the history of the Diem regime, past government mistakes, third-country assistance, and the reason for United States intervention.

(Group leaders describe the United States and South Viet Nam as two houses in the

the Federal Government or the municipal government of the District of Columbia.

"(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this Act shall be held and considered to be effective as of the date of such enactment."

Mr. MORRISON (interrupting the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, is it the intention of the gentleman from Louisiana to take some time to explain the differences between the version passed by the other body and the version passed by this House? I believe if this is properly done, all of us will be the beneficiaries and we will probably agree with the Senate version, but I think it is most important that it be done by the gentleman from Louisiana, and also that opportunity be given to other Members to ask questions as to the changes in the House version.

Mr. MORRISON. Mr. Speaker, I will be glad to do as the gentleman requests.

The SPEAKER. Is there objection that the further reading be dispensed with?

There was no objection.

The SPEAKER. Who reserves the right to object?

Mr. GERALD R. FORD. Mr. Speaker, I reserve the right to object.

Mr. MORRISON. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Louisiana.

Mr. MORRISON. Mr. Speaker, H.R. 14122 as passed by the other body is more nearly in accordance with the bill as passed by the House than has been the case with any other major Federal employee measure which has been enacted by the House during my 24 years of congressional service.

Not a single one of the pay-raise provisions of the House bill was changed in the other body, except for the addition of the usual provisions to give Senate employees the same raises granted to House employees.

In fact, the only change in the first 21 pages of the House bill was a slight modification of our time-and-a-half overtime provision for classified employees, which excluded scientists and other professional employees from that provision.

The only major amendment of the other body was the omission of the House provision of section 505 of the House bill which would have allowed persons who retired before 1962 and elected survivorship protection to have their annuities recomputed under the survivor protection formula enacted in 1962.

The cost of such recomputations would be \$112 million.

In place of that annuity recomputation privilege, the other body amended the bill to grant a 10-percent increase in survivor benefits for an estimated 330,000 widows and widowers of employees who retired before enactment of the 1962 retirement improvements.

The bill passed by the House would have granted the increase to only 273,000 of these survivors.

The Senate bill, with amendments, cuts down the overall cost \$22 million. The salary increase amounts to \$416.7 million. The total cost, as stated in Senate Report No. 1187, accompanying the bill, amounts to \$505.8 million.

Mr. GERALD R. FORD. Is that figure of \$505.8 million a cost per year, over and above the current cost to the Treasury?

Mr. MORRISON. That is correct.

Mr. GERALD R. FORD. I was not certain that I understood the gentleman's explanation of the first change in the House version made by the other body. Would the gentleman explain again the time-and-a-half provision?

Mr. MORRISON. The House bill provided for those that premium pay for overtime worked by classified employees in grades GS-10 and above shall not exceed the rate for the first salary step of grade GS-10, instead of grade GS-9 as provided in present law. Classified employees also are given 25-percent differential pay for Sunday work—as was granted last year to postal employees. The Senate amendment excludes scientists and certain other professional personnel from the application of these House provisions.

Mr. GERALD R. FORD. All below grade 10 are to be given time and a half; is that correct?

Mr. MORRISON. Actually classified employees get overtime up to grade 15, but only at the first-step grade 10 rate if their regular salary rates are above that rate.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Illinois.

[Mr. SPRINGER addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. Mr. Speaker, I merely wish to say that I have gone over the Senate bill and it is very similar to the bill we passed. The Senate passed it without a dissenting vote.

I cannot see any advantage to any delay, or in going to conference. I do not know what we could accomplish.

Therefore, because so many persons are vitally interested in getting this legislation to the White House, I should like to concur with the gentleman from Louisiana and urge the immediate passage of this particular Senate version as it comes to us.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Iowa.

Mr. GROSS. Do I correctly understand that the retroactive date, in any event, would be July 1? Even if the bill went to conference, the date very likely would be July 1.

Mr. MORRISON. The gentleman is correct.

Mr. GROSS. I thank the gentleman. Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Speaker, I agree with the gentleman from Louisiana [Mr. MORRISON] and the gentleman from Pennsylvania [Mr. CORBETT] that the best thing to do is to pass this legislation now, rather than to go to conference.

The reason for prompt passage of the pay-raise legislation is that this is the best we can do in this Congress. While it is not enough, we had better get the best we can for our good U.S. Federal employees and postal workers. It is clearly apparent that this is the limit the present administration, and the Senate, will accept. Better pay would be spent for education and family necessities—and is not inflationary, and certainly is necessary to meet increased costs of living.

I strongly urge the U.S. Congress and the Post Office and Civil Service Committees of the House and the Senate to prepare needed legislation and sound and adequate bills to be introduced in January when the next—90th—Congress convenes, to provide real comparability for salaries and pay for U.S. Federal employees and postal workers.

Congress by legislation already on the statute books has solemnly promised comparability in pay to private industry, for Federal employees and postal workers. This promise of the U.S. Congress of comparability in pay must be met and fulfilled in all good faith.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be allowed to have until Friday, midnight, to file a report on the Department of Transportation bills.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FOREIGN ASSISTANCE ACT OF 1966

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 906 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 906

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], and pending that I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order with 5 hours of general debate the annual amendments to the Foreign Assistance Act. Of course, the Foreign Assistance Act is controversial. There are supplemental and minority views in the report, but no body appeared against the rule. Nobody proposed that the bill not be given a rule and, as far as I know, there is no substantial opposition to the rule. Therefore, Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, as the gentleman from Missouri [Mr. BOLLING] has stated, House Resolution 906 provides for the consideration of H.R. 15750, the Foreign Assistance Act of 1966 under an open rule with 5 hours of debate. A waiver of points of order was requested, but was not granted. This action was taken because there does not appear to be any language in the bill which is subject to a point of order.

Mr. Speaker, the purpose of H.R. 15750 is to authorize the overall foreign aid program for the next 2 fiscal years, 1967 and 1968, and to authorize the Development Loan Fund and the Alliance for Progress for 5 years, through fiscal 1971.

For fiscal 1967 the bill carries an authorization of \$4,109,119,000, and for fiscal 1968 the figure is \$4,158,339,000.

This bill marks a major departure from past procedure in that the program is authorized for 2 years rather than 1. The distinguished chairman of the Foreign Affairs Committee, Dr. MORGAN,

testified that by freeing the committee from the necessity of an annual hearing on the subject, it could use the time to carry out meaningful studies and investigations into various phases of the program. This is an aim which we can all support. However, the point has been raised that this, being the 2d session of the 89th Congress, is the wrong year to begin a new 2-year program. We are somewhat binding the next Congress. It could more properly be undertaken next year, thus leaving the 2d session of the 90th Congress for in-depth studies of the program.

The method used to calculate the second year authorizations was to use the figures determined for this fiscal year. This seems to somewhat deny the Foreign Affairs Committee the chance next year to reevaluate individual situations in various countries, leaving the job to the Appropriations Committee.

The bill is divided into two traditional sections, military and economic assistance—\$917 million is authorized for each of fiscal 1967 and 1968 in the field of military assistance. This money goes primarily to some 10 countries, currently with about 2 million men under arms. This figure does not include aid to Vietnam which is included in the DOD appropriations.

On the economic side of the bill, a number of programs are included. They include those already mentioned, the Development Loan Fund program authorized at \$1 billion per year for 5 years, and the Alliance for Progress authorized at \$850 million for the same period. The appropriations requested for these programs are substantially below these figures, \$665,388,000 for the Development Loan Fund and \$543 million for the Alliance for Progress. This is a substantial amount of flexibility, and reflects the problems of multiyear authorizations.

Funds for international organizations are included in the bill. The authorization is for \$140,433,000 and includes all U.N. programs from peace keeping assistance to children's relief and the World Health Organization programs.

Supporting assistance is authorized at \$750 million for each year, \$550 million of which is programmed for South Vietnam. The economic activity generated by such assistance is used to assist in maintaining the military preparedness of our allies, primarily South Korea, Thailand, Laos, and South Vietnam.

The contingency fund is authorized at \$150 million for each of the 2 years. For this year the appropriation request is \$70 million. The purpose of the fund is to meet emergency situations around the world.

Other programs included in the bill are the technical cooperation and development program, the old point 4 program and the investment guarantee program.

Amended language will be inserted into the act by this bill which will forbid any assistance under the act to any country who trades with North Vietnam. The amended language is: "no assistance shall be furnished." Testimony of the committee chairman indicates that he and his committee view this as an absolute prohibition of aid. Substantial

progress has already been made in this field since the facts were made known to the Congress and the public last year.

The dollar value of counterpart funds held by the United States in various foreign currencies, primarily generated by Public Law 480 food shipments, continues to plague us. Nothing in this bill will lessen that problem; nor has the Agriculture Committee, which controls the food-for-freedom program, come to grips with the problem. Something should be done to utilize these funds; I would hope that the two committees primarily interested could look further into the question.

There are supplemental, separate, and minority views in the report. Mrs. BOLTON, Messrs. MAILLIARD, FRELINGHUYSEN, BROOMFIELD, and MORSE support the bill but strongly object to the 2-year authorization features. They believe that such continuing programs as the Alliance for Progress and the development loan program should be authorized for the longer periods, but oppose such procedure for the entire foreign aid program because of the rapidly changing situations in so many parts of the world.

This view is also separately supported by Mr. FULTON.

Messrs. ADAIR, GROSS, BERRY, DERWINSKI, and THOMSON have filed minority views. They oppose the bill, pointing to numerous instances of hostile acts by recipients of foreign aid over the years, citing particularly Egypt, Indonesia, Ghana, and India. They also point to the situation in Latin America where billions in aid have brought forth very little progress.

They cite foreign countries who have received our aid and are still shipping supplies to North Vietnam and point out that the law does not require cutting off aid to these countries. They join their colleagues in opposing a 2-year authorization for the entire bill.

Mr. Speaker, although I feel that a certain amount of foreign aid is advisable and necessary, I cannot bring myself to believe that this tremendously extensive program each year is necessary or sufficiently beneficial to the United States of America. Accordingly, Mr. Speaker, I personally intend to vote against this bill. But I know of no objection to the rule, Mr. Speaker, urge its adoption, and reserve the balance of my time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. I am sure the gentleman knows, and I think the House should be made aware of the fact, that this is one of the largest foreign handout bills ever brought to the floor of the House. I say that, in point of the time and money provided in the bill under the 2-year provision and the 5-year provision for the Alliance for Progress.

This bill calls for approximately \$13.-800 million.

I wonder if the gentleman from California agrees with me that this Congress, having only recently increased the debt ceiling, ought to be going the other way. It ought not to be increasing the foreign aid spending and extending it over a period of 2 years. We ought to be de-

creasing and phasing out this program. We ought to be reducing it so that the taxpayers of this country can see some daylight; so that we can stop this eternal going deeper and deeper into debt and increasing inflation. I wonder if the gentleman agrees in general with what I have said—that this is the largest bill we have had in many years—probably the second largest bill in the history of foreign aid; that ought to be drastically cutting this bill instead of increasing it?

Mr. SMITH of California. I find myself in complete agreement with the distinguished gentleman from Iowa.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Speaker, first of all I should like to compliment the gentleman from California [Mr. SMITH] for his analysis of the bill we are about to take up.

I would like to call attention to the fact that the gentleman from California mentioned that some \$4,158,339,000 is to be authorized for the fiscal year 1968. As a member of the committee, I should like to point out that no justification was made for any specific figure for the second fiscal year, namely, 1968. It was essentially an arbitrary decision by the committee that we should establish a ceiling for 1968 which would be roughly the equivalent of the amount which would be authorized for the next fiscal year.

Indeed, the committee report points out with pride the fact that this would constitute a ceiling of, and I quote:

It is expected that the Executive will not develop plans for fiscal 1968 which contemplate any increase in foreign aid.

Then it goes on:

Rather than expanding the programs already under way or seeking new areas in which to operate, those responsible for the administration of military and economic assistance should reexamine their priorities * * *.

In other words, what we are being asked to do is to establish a ceiling without having any indication of any kind as to what the actual needs would be in the second year of the program.

I raise this point simply to show that we are taking a major and definite course as the gentleman from California has already pointed out and one which may require different action when the time comes.

Mr. SMITH of California. That is my understanding and I appreciate the explanation of the gentleman from New Jersey.

Mr. FRELINGHUYSEN. The gentleman from California also mentioned that now is not a particularly appropriate time to consider the extension of the foreign aid program for a 2-year period because we are in the second session of the 89th Congress. The gentleman suggested that next year might be a more appropriate time. I would fully agree with that position. But I would point out that there would seem to be no overriding necessity for our committee not to have an annual respon-

sibility to make a review of the foreign aid program. Our committee is not so preoccupied with other major legislation that it could not find the time to make the in-depth inquiries that the chairman of the committee indicates are necessary in addition to the overall comprehensive survey which would seem to be necessary at least every 2 years.

I say this to point out that even next year there would be no compelling necessity for us to feel so concerned about the way we occupy our time that we would feel we should authorize this program for longer than a 1-year period. I just wanted to call attention to the fact, because the gentleman seemed to me to suggest that it might be a reasonable course of action for the 90th Congress to take, that we should wait until next year to make that decision. I think we should not make the decision to change the present approach until a good case has been made to justify what is being recommended by the administration.

Mr. SMITH of California. If the gentleman understood me to recommend a 2-year period, I wish to correct that misunderstanding. I think we ought to handle the subject every year. But if the House is going to consider it, I think it should not be considered until the 1st session of the 90th Congress, when there might be a number of different individuals back here who might be interested in deciding that question, and we should not bind them. I hope that my statement will not be interpreted as favoring a 2-year program, and all the excessive waste there is in the program.

Mr. FRELINGHUYSEN. I thank the gentleman.

Mr. SMITH of California. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman mentioned the argument that has been made about approving a 2-year authorization and use next year to send Members galivanting over the world. That is a fallacious argument in behalf of a 2-year commitment. The Foreign Affairs Committee, if it has the will and the desire to do it, can get to work next January or, at the latest, the first of February, and conduct the investigation that is needed with respect to this program. We do not need to devote a year to congressional junketeers floating around over the world. We need to get down to work in the committee and hold exhaustive hearings. We can get to the bottom of this program if there is a will to do it.

Mr. SMITH of California. I assume that will all be covered in the 5 hours of debate. I simply wanted to bring to the attention of the body of the House the information that was presented to the Rules Committee when we heard the request for the rule. That is what I was attempting to do. I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. WHITENER], and ask

unanimous consent that he be permitted to speak out of order.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DEATH OF ROBERT G. PERRY

Mr. WHITENER. Mr. Speaker, in the passing of Robert G. Perry at the U.S. Naval Hospital in Bethesda, Md., early this morning, the Members of Congress have lost a valuable friend and a wonderful associate.

Mr. Perry was born in Beckley, W. Va., on March 17, 1923, and has 20 years of distinguished service as a member of the Hospital Corps of the Navy Department.

In 1951 he was assigned to the Capitol Physician, at a time when he held the rank of chief petty officer.

In 1961, in February, he retired from the Navy, but continued to serve us here as a civilian.

Perry was notable for his uprightness, his affability, his dedication to duty, and his desire to be of service to the men and women in the Congress.

Earlier today I talked to some of his associates in the Capitol Physician's office as I went by to inquire as to the state of the late Bob Perry's health, and I was shocked to be told that he had passed away this morning.

One of the comments that was made by one of his long time associates I wrote down, and I quote as follows:

He was just loved by everyone up here. You just can't put your finger on each of his fine qualities.

He further told me that people had been calling in constantly at the Capitol Physician's office during the illness of our late friend who has left us at such a young age.

I extend to his wife and his four fine children my personal sympathy and assure them that in the loss of their distinguished and splendid husband and father, I feel a deep sense of personal loss.

Mr. CHELF. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from Kentucky.

Mr. CHELF. Mr. Speaker, I would like wholeheartedly to endorse what the gentleman from North Carolina has said about our wonderful friend, Chief Perry, who served us so capably for so long in Dr. Calver's medical clinic here in the Capitol Building.

Chief Perry has been here, as the gentleman has said, a long, long time. The fact of the matter is he has been here about as long as I have been a Member of Congress. I was sworn into this body on January 3, 1945, and never has there been a time that I have gone to Dr. Calver's office but that Chief Perry always met me—and everybody—with a smile, a warm handshake, and, a deep interest in your problem or your ailment. It is the only place that dispensed medicine where I actually felt I was welcome and where I really felt at ease and perfectly at home. This was the sort of personal treatment that just effervesced within him. He loved people and he dearly loved his work here. It was part of his nature to be a good

listener to our troubles. He was a loyal, devoted, sincere, dedicated man. I admired him and I respected him, and I honor him today.

I, too, with the gentleman from North Carolina, extend to his loved ones my deepest sympathy.

The other day I heard he was ill. I anticipated writing him a letter, in order to try to cheer him up—but, dear Lord, I am shocked to know he has passed away. What I could not say in a letter—I now pour from my heart.

I say to the Members of this House and to our colleagues in the Senate quite frankly that his sudden passing is a personal loss to me, as I know it is to every Member of the House and the Senate.

Making friends is a lot of fun—shaking hands with everyone—hearing what each has to say—as we meet them day by day—swapping smiles and trading cheer makes us happy while we're here cause all the joy of life depends just on the art of making friends.

This little verse, Mr. Speaker, must have been written especially for Chief Perry. God rest his sweet soul in peace.

Mr. SLACK. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from West Virginia.

Mr. SLACK. Mr. Speaker, I was shocked to hear of the passing of my good friend and former constituent, Bob Perry. Over the years he endeared himself to every Member of the House, for he possessed attributes of character that every man can envy.

To his wife and family, I extend my deepest sympathy.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, as the gentleman from North Carolina has so well expressed, Bob Perry left an indelible mark of service for all of us. It was a service which was done in a friendly, efficient, and effective manner.

I learned a few weeks ago of his serious illness. I fortunately did have an opportunity to drop him a line and wish him the best just a week or so ago. Regrettably, I did not have an opportunity to see him personally in recent weeks.

His place will be hard to fill, because the work he did was done so well and in such a fine manner.

I join with the gentleman from North Carolina and the others in extending to his family our deepest sympathy and sincerest condolences.

Mr. SMITH of California. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from California.

Mr. SMITH of California. Mr. Speaker, I certainly wish to join with the gentleman from Michigan [Mr. GERALD R. FORD] and the distinguished gentlemen who have made statements. Bob Perry was a friend of mine. I extend my sympathy to his family. Bob Perry was a very, very fine man.

Mr. BOLLING. Mr. Speaker, I would like to join all the Members of the House who have spoken on the passing of our friend Bob Perry.

Mr. O'HARA of Illinois. Mr. Speaker, I am deeply saddened to learn of the passing of Bob Perry. He has been a dedicated part of the world in which we in the Congress live, and his gentleness, his solicitude for our welfare, his counsel and his care will be sorely missed. He will live in affection in our memory as he dwelt vibrantly in our affections during his years of association with us. To his wife and children I extend my deepest sympathy.

GENERAL LEAVE TO EXTEND

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD on the life, character, and public service of the late Bob Perry.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The SPEAKER. Without objection, the previous question is ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FOREIGN ASSISTANCE ACT OF 1966

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15750, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15750, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania [Mr. MORGAN] will be recognized for 2½ hours and the gentlewoman from Ohio [Mrs. BOLTON] will be recognized for 2½ hours.

The Chair recognizes the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I yield myself 30 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I rise in support of H.R. 15750. Before detail discussion of the bill I would like to discuss foreign aid in general.

It looks as though the Communists may be losing the cold war, and they do not appear to be winning the "hot war" in Vietnam.

I do not mean to say that from now on everything will be all right. Any quick review of the world situation shows that the United States is confronted with serious problems in all areas, and it is not too difficult to find examples of waste and inefficiency in our foreign aid operations.

Nevertheless, there have been encour-

aging developments. In countries where free elections have been held, the extreme leftists have been defeated and governments friendly to the United States have been elected. Although in a number of countries governments have been overthrown and military dictatorships have taken over, the new governments appear to be anti-Communist, to be sincerely concerned with improving existing conditions, and to desire the friendship and cooperation of the United States.

Furthermore, if you look around, there is evidence that many people are better off as a result of U.S. assistance.

Nine countries in Latin America have adopted tax reform legislation. Critics of the foreign aid program prefer to emphasize the fact that 10 countries of Latin America have not yet reformed their tax systems. We ought to recognize, however, that tax reform is a vital issue in nearly every Latin American country and that further progress appears to be inevitable.

Over half the people of Latin America are benefiting from U.S. aid: 100 million people have been protected from malaria; 1½ million people live in houses built under the sponsorship of the Alliance for Progress; 13 million people in Latin America are benefiting from water and sanitation projects to which the United States has contributed.

I cite these facts because there is a tendency to focus so much attention on the scrap pile that we overlook the skyscraper which is being built.

Mr. Chairman, I do not believe that there are very many here who think that the idea of foreign aid is all wrong and that it is a mistake for the United States to have any kind of a foreign assistance program.

There are a good many here this afternoon, including many who will vote for this bill, who have sincere misgivings as to whether we have the right kind of foreign aid program. All of us question whether we are spending too much money on foreign aid, whether we are providing assistance to the wrong countries, and whether the money we spend is spent for the most useful projects.

I would like to take a few minutes to consider what kind of a foreign aid program we ought to have and some of the reforms that are being discussed at the present time.

The first thing to consider is the relation of foreign aid to our foreign policy. If we regard foreign aid as providing a kit of tools to assist in the conduct of our foreign policy, we will have a different type of program than if we give priority to foreign aid and make adjustments in our foreign policy in order to make the foreign aid program more efficient.

Let me make clear what I am talking about.

There is a good deal of discussion of whether or not we are giving assistance to too many countries.

Now, there is no doubt that if we limited foreign aid to those countries having the most capable and honest governments, and which are most willing to cooperate with us, our foreign aid operations would look a lot better and we could save some money.

Anyone who analyzes the operation of the foreign aid program recognizes that, in general, the best programs are in the countries with the best governments. Wherever you have a government that lacks understanding of major problems and where skilled, native administrative and technical personnel are lacking, you find waste and inefficiency in spite of all the United States can do.

The fundamental problem is that of the 120 or so independent nations in the world today, a large percentage do not have capable governments or a reasonable number of people qualified to deal with political and economic problems.

It is U.S. policy to try to develop and maintain friendly and cooperative relationships with these countries whether their governments are efficient or not.

We are confronted with comparable situations in deciding whether to give aid to governments whose officials criticize our policies or to governments which accept assistance from the Soviet Union or Red China.

Many such countries are important, either because of the number of their people, their geographic location, or the nature of their resources. It is not to our advantage to force them into the Communist camp.

We have to recognize, however, that most of these countries need outside help and that they will fall under Communist domination without our assistance. In most cases, we do not get the kind of co-operation and support for our foreign programs in such countries that produces maximum efficiency.

Consider the use of foreign currency to finance foreign aid. At present, the United States has on hand excess foreign currencies available for U.S. use equivalent to almost \$1.5 billion in 10 countries.

By far the largest amount are in Indian rupees and Egyptian pounds.

If we changed our foreign policy so as to use up foreign currencies, we could reduce our holdings. On the other hand, if we try to use these excess foreign currencies to help in the conduct of our foreign policy, the outlook is not encouraging.

Unfortunately, there are not many places in the world where we can promote our foreign policy by spending Indian rupees or Egyptian pounds.

Mr. Chairman, it is somewhat misleading to refer to the foreign assistance program as though it were one program. This bill authorizes funds for nine programs. All of them involve assisting foreign countries, but each is different in its purpose and its operation. Each is designed to deal with different situations and problems.

We provide military assistance to governments which cannot afford to pay for the military forces necessary to carry out the functions assigned to them in a common defense strategy and to governments which are not able to provide an adequate defense against subversion.

We provide economic assistance under the heading of "supporting assistance" to 13 countries for military or political reasons, primarily for short-run considerations. This assistance is necessary

to countries like Korea and Laos, where their economies have been distorted by military developments, and to a number of countries where we have base rights.

We provide development loans to assist 10 of the bigger and more progressive undeveloped countries to deal with their long range problems.

We provide technical assistance and development grants to 47 smaller countries who have not progressed to the point where they can undertake comprehensive development programs.

We have a special program of dollar loans and grants to the countries of Latin America with which we have tried to develop a special relationship under the Alliance for Progress.

We make contributions under the authority of this bill to programs of 12 international organizations because it is in the interest of the United States to encourage the nations of the world to work together to attain common objectives.

We authorize in this bill a contingency fund to enable those administering our foreign policy to deal promptly with emergencies whenever and wherever they occur.

In addition, there are small authorizations for programs for American schools and hospitals abroad and for southeast Asia multilateral and regional programs.

The United States is confronted with crises and problems all over the world. There is not any part of the world which we can ignore, where we can say that it does not matter to us what happens there.

It is in our interest to try to cooperate with governments everywhere in their efforts to find solutions to their problems. We have to accept the world as it exists. We cannot overnight make governments more capable than they are, nor can we force them to agree with us on all issues.

The foreign assistance programs authorized in this bill provide a variety of means which our foreign policy makers can use in dealing with the situations which they are forced to meet.

We should be realistic and discriminating in the money we spend on foreign aid. We should not invest money in long-range projects in countries where the governments are not able and willing to make the commitments necessary for long-range projects to succeed. We should not provide assistance to countries which use their own resources for purposes contrary to our interests.

Nevertheless, we face the fact that we need foreign aid in order to carry on our foreign policy and a certain amount of our assistance should be available to countries that are not too effective in making use of it.

FUNDS AUTHORIZED

Now, Mr. Chairman, I would like to say something about the provisions of the bill before us.

H.R. 15750 authorizes \$4,109,119,000 for fiscal year 1967 and \$4,158,339,000 for fiscal 1968.

These totals do not include military assistance to Vietnam but do include economic assistance to Vietnam and military assistance to 55 other countries in

fiscal 1967. The Executive has programmed economic assistance to 70 countries in fiscal 1967.

In many ways, these figures are misleading.

The most important single figure to keep in mind is that the Executive is requesting foreign aid appropriations of \$3,385,962,000 for fiscal 1967.

The opponents of the bill will probably point out that it authorizes a total of \$13,817,458,000. This total is derived by adding the authorization of \$1 billion a year for 5 years for the development loan fund and \$350 million a year for 5 years for the Alliance for Progress, together with the 2-year authorizations for the rest of the program.

This \$13 billion figure reminds me a little of seeing in the newspapers that the average workingman earns some such amount as \$113,000 during his lifetime. This sounds like a lot of money, but in terms of weekly pay envelopes, it does not seem so big.

The important thing is to keep in mind the figure of \$3,385,962,000 which is the amount the Executive is asking to be appropriated for fiscal 1967.

FIVE-YEAR AUTHORIZATION FOR DEVELOPMENT LOANS AND THE ALLIANCE FOR PROGRESS

The President requested 5-year authorizations for all of the programs included in this bill.

Apparently, the President had a number of reasons why he wanted a 5-year authorization. In all fairness, I do not think the President was trying to avoid or to limit the control of the Congress over foreign aid.

The President is fully aware that all foreign aid funds are subject to annual appropriation.

The Executive has a pretty good record for holding down its requests for appropriation below the amount authorized when they can get along without the full amount.

For fiscal 1966 the authorization for development loans was \$1.5 billion, but the Executive requested an appropriation of \$780,250,000—a little over half the amount authorized.

In fiscal 1965, the authorization was \$1.5 billion and the Executive requested an appropriation of \$922,200,000.

For fiscal year 1964 the authorization was \$1.5 billion, and the appropriation request was \$1,060,000,000.

In fiscal 1963, with an authorization of \$1.5 billion, the Executive requested an appropriation of \$1.25 billion.

The record of these 4 years indicates that the Executive did not regard the authorization figure as an invitation to ask for more money than was necessary.

The main argument for a 5-year authorization is its effect on the undeveloped countries.

It is very difficult to get these countries to take a long-range view of their problems, not just economic problems, but social and political problems as well.

It is in their interest and in the interest of world peace and prosperity to have them think ahead and not, in trying to deal with their current problems, get themselves into situations which they cannot cope with.

It is U.S. policy in dealing with the less-developed countries to assure them of our interest and our desire to work with them in finding solutions to their problems. A 5-year authorization for development loans and for the Alliance for Progress is interpreted by them as an indication of interest in their future and gives them encouragement to plan for the future.

The committee approved a 5-year authorization for the development loan fund but cut the amount from \$1,250 million a year requested to \$1 billion.

The Executive is requesting an appropriation of only \$665,388,000 for fiscal year 1967 under this authorization for \$1 billion.

This issue is fairly simple. It is whether it is in the interest of U.S. foreign policy for the Congress to authorize an amount as large as \$1 billion a year for development loans even when the Executive knows it will not need that much money for the first year, and may not for any year.

The committee could have gotten credit in the press for cutting the development loan fund from \$1,250 million to \$665,388,000 without reducing the funds to be appropriated by one dime. This would have been a cut of \$584,612,000, but as far as financing foreign aid for fiscal year 1967, it would not have saved the taxpayer a cent.

The committee decided to go along with the authorization of \$1 billion a year for 5 years. AID will not ask for the full amount unless they believe they can defend it, and the Congress will review the program every year and appropriate whatever amount has, in its judgment, been justified.

TWO-YEAR AUTHORIZATION

The bill provides for a 2-year authorization for each of the programs included, except for development loans and the Alliance for Progress.

If the Congress goes along with this idea, there will be no foreign aid authorization bill next year.

There will, of course, be an appropriation bill, and Congress will have ample opportunity to work its will.

Two-year authorizations for foreign aid are not new, although this is the first time the committee has recommended an across-the-board authorization for 2 years.

In 1957, the Congress approved a 2-year authorization for the development loan fund.

In 1959, Congress voted a 3-year authorization for military assistance, and an additional 2-year authorization for the development loan fund.

In 1962, Congress approved a 4-year authorization for the Alliance for Progress.

The committee had two things in mind in recommending a 2-year authorization:

First. A belief that the committee and the Congress might make better use of its time than going over the authorization request in detail every year.

Second. A desire to set a ceiling for fiscal 1968 and tell the executive not to spend their time working up bigger and better programs for fiscal year 1968 but to devise ways of dealing with our for-

eign policy problems without using more money than this year.

With a 2-year authorization, the committee does not intend to do any less work on foreign aid than it does now, and we do not intend to assume less responsibility.

The request for the authorization of funds inevitably focuses on plans for the future and on the financial side of foreign aid.

The committee believes that it should give more attention to the accomplishments of foreign aid and to what actually is going on, and a little less emphasis to what the executive says it intends to do.

A 2-year authorization will give each Congress an opportunity to act on the foreign aid authorization, and the Congress can, of course, enact legislation on foreign aid any any time.

RESTRICTIONS AND GUIDANCE

The bill imposes certain restrictions on the use of foreign aid and contains guidance and encouragement with respect to special situations.

SHIPPING TO NORTH VIETNAM

Section 301(e)(3) of the bill—page 19—prohibits furnishing assistance to any country failing to take appropriate steps to prevent their ships or aircraft from trading with North Vietnam.

The worst offender is the United Kingdom, and they receive no U.S. aid.

No Norwegian-flag ships have arrived in North Vietnam since November 1965.

The Greek Government has recently issued a decree prohibiting Greek-flag ships to call at North Vietnamese ports.

No Cypriot-flag ship not already under charter before the enactment of the relevant foreign aid legislation last year has arrived in North Vietnam since that time.

Although shipping from countries receiving U.S. aid has been pretty much stopped, the committee included this provision to indicate to the Executive that we wanted the foreign aid program used to put pressure on the recipients of our assistance to cooperate.

PROHIBITION OF ASSISTANCE TO COUNTRIES OFFICIALLY PARTICIPATING IN INTERNATIONAL CONFERENCE PLANNING SUBVERSION (SECTION 301(E)(1))

Government officials from a number of countries receiving U.S. aid attended the Tricontinental Conference in Havana last January. The purpose of this conference was to plan subversion against the governments of Latin America.

We believe that any government desiring U.S. aid should keep its officials away from conferences of this kind and that we should put the recipients of our aid on notice to this effect.

DISCOURAGING RECIPIENTS OF U.S. AID FROM DIVERTING THEIR OWN ECONOMIC RESOURCES TO PROPAGANDA AGAINST THE UNITED STATES OR OTHER COUNTRIES RECEIVING U.S. AID

Last year we included in the bill an expression of the opposition of the Congress to providing aid to countries that spend a lot of money and effort on propaganda against us or countries with which we maintain friendly relations.

Section 101(a) of this bill indicates that reports should be sent to the Congress on propaganda activities of this kind.

If the State Department has to file reports, it may make them a little more alert and aggressive in dealing with this matter.

COMPENSATION FOR DAMAGE OF U.S. PROPERTY BY MOB ACTION

Last year we included in the foreign aid bill an expression of the sense of the Congress that U.S. aid should be cut off from countries permitting damage or destruction of U.S. property by mob action.

There have been a few cases where governments have apologized and taken other action to make amends for the destruction of U.S. property but where the actual compensation for damage has been long delayed. We think the State Department should give a high priority to this matter.

Mr. Chairman, let me say in closing that the United States has to attain three basic objectives in the field of foreign policy:

First. We have to win the war in Vietnam.

Second. We have to maintain the military capability and the readiness of those countries which are willing to use force to resist Communist aggression.

Three. We have to encourage the people of the less developed countries in their efforts to better themselves.

We cannot do these things unless we make it possible for those responsible for the conduct of our foreign policy to make use of foreign assistance programs of the nature and magnitude authorized by this bill.

There are indications that our foreign policy may be beginning to pay off.

This is not the time either to curtail or to reorganize foreign aid.

Mr. CAHILL. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. CAHILL. Mr. Chairman, I believe the gentleman referred in his statement to the fact that there are 10 countries throughout the world where there are excess local currencies which the United States has the right to use. One of the things that has come to my attention recently from several American businessmen and American travelers is that in seeking to purchase some of these funds that are excess for American dollars, they have not been able to do so.

Am I correct in stating for the RECORD that in those countries where there are excess currencies available, that under the provisions of section 104(T) of the Agricultural Trade Act of 1954, as amended, an American citizen or an American businessman who is either traveling or doing business in one of those countries has an absolute right to go to the American Embassy and purchase those local currencies for American dollars? Is that correct, sir?

Mr. MORGAN. That is correct. Most of these currencies have not been generated by foreign aid. They have been generated under Public Law 480.

Two of the largest are India, where we have Indian rupees, and Egypt, where we have Egyptian pounds. These currencies have been generated under Public Law 480. Under that legislation, much of this currency is restricted as to

use by the sales agreements entered into when we sell our commodities.

The countries buying our wheat and cotton have to agree to the sale of these currencies to U.S. tourists and businessmen or it cannot be used for this purpose.

Mr. CAHILL. I know, but I wanted to get an expression from the gentleman that it is the intent of this committee and of the Congress, I hope, that American Ambassadors in these countries shall, wherever possible, make these funds available for the American tourist or the American businessman.

Mr. MORGAN. So far as I am concerned, the gentleman has a good point. I believe they should be made available.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I believe the chairman already has expressed the congressional intent, and this is already expressed in the law; that, in fact, they do just that and it is part of Public Law 480.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Is it not also true that it depends on the terms of the agreement between any particular country and our country, as to whether such funds are available for purchase by the average businessman or the average tourist? In some cases there are restrictions which prevent such purchases by individual citizens.

Mr. MORGAN. That is correct. The use of these currencies is limited by the terms of the various sales agreements.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

Mrs. KELLY. I wonder if we could find out if any businessman has been denied these convertible funds.

Mr. MORGAN. The operation of this provision is of primary concern to the Committee on Agriculture rather than the Committee on Foreign Affairs.

Mrs. KELLY. But it would be worth while to know.

Mr. MORGAN. I believe that these questions should be raised when Public Law 480 is under debate on the floor.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MORGAN. Mr. Chairman, I yield myself 3 additional minutes.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman states that the 2-year commitment is for the purpose, at least in substantial part, of having members of the Committee on Foreign Affairs, I assume, start touring the world to look into the various projects which have been financed by this handout program.

I believe the gentleman will agree with me that the gentleman from Ohio [Mr. HAYS] is one of the best traveled of the

Members of Congress on the Foreign Affairs Committee and in the House itself.

During the course of the hearings the gentleman from Ohio [Mr. HAYS] said this:

Mr. Secretary, I put this question before in reference to a successful project and I have never had an answer. Just tell me one, anywhere in the world outside of Western Europe, that AID has financed, and been a success. I would like to look at it.

I wonder if the distinguished chairman of the Foreign Affairs Committee will agree that we ought to have some answers in the Foreign Affairs Committee to questions of this kind before we start spending the taxpayers' money ambling around all over the world looking for failures in this program.

Mr. MORGAN. Well, of course, I want to speak up in defense of the Foreign Affairs Committee. I will say that our members do not travel any more than those on any other committee of this body. In fact, I do not believe they travel as much as members of some committees of the Congress.

The gentleman from Ohio [Mr. HAYS] should answer the question for himself.

As I said when this question was raised in the Rules Committee, the minority singled out a couple of quotes from the members of the committee which appeared in the hearings.

If the gentleman wants us to furnish a list of successful projects I would suggest he look at pages 407, 408, and 409 of the hearings which set forth an impressive list of successful projects in response to the request of Mr. HAYS.

We can cite a good many successful projects all over the world.

Mr. GROSS. I wish the gentleman would do that.

Mr. MORGAN. Let us take the country of Taiwan. Has foreign aid not been successful there?

Mr. GROSS. I do not know.

Mr. MORGAN. I wish the gentleman would pay attention to the successes in the program, instead of just looking at things that have not turned out as well as they should.

Mrs. KELLY. Mr. Chairman, will we not add the Philippines to that list?

Mr. WAGGONER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Louisiana.

Mr. WAGGONER. I thank the gentleman for yielding. I agree that it is mandatory to travel to get the facts on foreign aid. It cannot be done otherwise.

I believe the world knows I am not a big advocate of foreign aid because I feel too much of it misses the mark. In fact, I have always voted against it. I also believe in giving the devil his dues and believe the world needs to know that if there is a showcase on the face of this earth for foreign aid the island of Taiwan is that showcase. It has proved itself there. It has, in fact, been so successful the Nationalist Chinese have said they don't need our help any longer. They are our friends. With our help they have helped themselves.

Mr. MORGAN. I agree with the gentleman.

Mrs. BOLTON. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, in reply to the gentleman from Iowa [Mr. GROSS], I would like to suggest that you examine page 407 in the hearings, and you will find some successful projects for Latin America that AID has financed. It takes about a little less than two pages. I think you would be interested in reading it.

Mr. Chairman, I rise with less enthusiasm than usual to speak for H.R. 15750. The chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN] displayed his usual patience and good humor during our lengthy hearings and markup sessions. All of us on this side are grateful that he possesses those qualities because they were needed more than ever this year. The Executive sent up two bills—one for economic aid and one for military aid. For many of the programs we were asked to authorize "infinity" for the next 5 years. Few of us took kindly to this request. Our hearings reflect the basis for our concern. Our irritation was conveyed to Executive witnesses in sharp questions and clear words.

I think that the friends of foreign aid, no less than the foes, want to keep a close watch on the program. We who support foreign aid are keenly aware that deficiencies constantly creep into it, that it gets off the track from time to time, and that Congress has a legislative responsibility to focus on both the means and the ends no less than the Executive. For these reasons, many of us were perplexed and shocked that the Executive this year should request a 5-year authorization with no dollar amounts specified for almost all portions of the program for the next 5 years.

In his foreign aid message to Congress the President explained the reason for this unusual request in these words:

To signify the depth of our commitment to help those who help themselves, I am requesting 5-year authorizations for our military and economic aid programs.

The implication of that statement is that our usual practice of annual authorizations has somehow shaken the confidence of those who need our aid. No evidence was offered in support of this thesis. In my opinion none can be found to justify that assumption.

Mr. Bell followed this up in his testimony by telling us that multiyear authorizations will enable AID to "provide a basis of stability and continuity for planning and carrying out economic aid programs." My only comment is that the administration does not need a long-term authorization to engage in long-range thinking and that only an appropriation will enable it to carry out any programs it devises.

As a matter of fact, we are subject to strange limitations sometimes by the very things we set up ourselves. If we do not have this bill come back to us each year, the House will be abrogating some of its responsibility to the public, to the people to whom was given the power at the beginning of this Government.

As the hearings progressed and the matter was pursued with other executive branch witnesses, other explanations for the 5-year authorization were advanced. Secretary Rusk made this point:

I must confess I am concerned about the four hearings, and the four separate legislative procedures that are involved each year in the aid program, as time consuming for everybody concerned, including those of us in the executive branch. We were hopeful that we could find a way in which to use that time perhaps to somewhat better advantage.

I am interested in this better use of our time. I would like to see quite a good deal of the time of the committee and of the executive used to forward such programs as are really influential and which are really important to the world.

I sympathize with the Secretary of State and his associates. I am certain that the succession of annual hearings is a heavy burden on their time. I appreciate his solicitude for conserving our time. But we in the Congress are paid to examine these measures not alone because of the sums involved but because of their far-reaching policy implications.

Secretary McNamara defended the request for a 5-year authorization on a different basis. He told the committee that he already has 5-year programs "for all the nations we now believe we will be dealing with during this period of time. We worked them out because we think we should be dealing with the current year in the context of a 5-year program. It insures that the action we take today will be consistent with the action we will take next year, assuming that world conditions next year are as we estimate they will be today."

That is interesting. How can we know this?

Are we to know it through the use of a crystal ball? It might possibly be that the Secretary has this crystal ball. I have no way of knowing. But I do know that from our standpoint in the committee on the minority side we do not feel that we have such a crystal ball and that we could be certain that nothing will happen in the second year that has not been happening in the first year.

I am delighted that Secretary McNamara is planning long-term programs. Apparently the absence of a 5-year authorization has been no barrier to his long-range projections. Certainly those administering the economic side of foreign aid would be derelict in their duties if they did not give thought and attention to the program's objectives. I have never found it necessary to have authority in order to think ahead.

From this jumble of explanations for a 5-year authorization I can only conclude that it is not only unnecessary but is an abdication of a vital congressional function. I am not impressed with the argument that other agencies of Government have permanent authorization for their programs. Probably none of them is as susceptible to as much public concern as is foreign aid. Every Member of this body knows that the Committee on Foreign Affairs has a responsibility to the House to hear the evidence, recom-

mend the amounts, and set the ground-rules for the conduct of the program. As for the reactions of foreign governments, I am unaware of any uneasiness arising from a failure to authorize for a long period.

The committee did not adopt the executive proposal for a 5-year authorization. Instead it accepted a compromise for a 2-year program. And in place of the open-end requests for money it inserted specific amounts for each of the 2 years. It should be noted that the amounts for the second year are almost identical with those for the first year. We had ample evidence to justify making a decision on the authorization for fiscal year 1967. But we had no testimony to help us make a judgment on the amounts recommended for fiscal year 1968. Nobody knows whether we are recommending too much or too little. Given all the uncertainties in the international situation, it is the considered opinion of a number of us that the committee is making a serious mistake in bringing out a bill for 2 years. That is why five of us signed supplemental views that appear on page 64 of the report.

There are many segments to this complicated program that will be discussed and debated here. I want to mention one particular portion that drew my attention during the hearings. Over the years I have urged that our priorities be reordered to give greater attention to what I call the basic areas of development, particularly in agriculture, health, and education. It was heartening to read in the executive presentation these words:

U.S. assistance cannot be effective unless recipient nations undertake needed reforms and improvements, and concentrate their own resources and energies on development priorities.

And then, we were told, there will be increased emphasis in the fields of agriculture, education, and health. I welcome this belated recognition of the obvious.

Too long have we been financing status symbols such as steel mills and paved highways while neglecting the less dramatic but more durable elements upon which a nation can build. Many of the developing nations have gone heavily into debt in the naive belief that a few large projects scattered around the countryside constitute development. Yet their people go hungry, health and education are neglected. They have simply overlooked the human equation. And I fear that we who should know better too often have been partners to much of their folly.

Over the years we have provided small sums under the foreign assistance program for educational and medical institutions abroad that have American sponsorship. Most notable among these are the American University of Beirut, the American University in Cairo, and Robert College. Others are in Latin America and the Far East. One cannot measure but certainly can identify and recognize the impact that these schools have had. They bring the citizens into association with American standards and methods. They send out graduates who are better able to interpret the thought of the

modern world to their own fellows than all the technicians we send out. I think we would do well if we spent some time exploring the greater use and development of institutions of this type.

I was particularly pleased this year with an amendment adopted by the committee to provide \$1 million in local currency for the use of the Hadassah-Hebrew University Medical Center in Jerusalem. This modern facility is engaged in a variety of programs in the medical field that have an impact well beyond the confines of Israel. It is an excellent example of combining local facilities and talent with a modest amount of U.S.-owned local currency to accomplish one of the major objectives of our foreign aid program. Is there any reason why we should not multiply this approach in other countries?

Let me cite one other example of a modest program that is bearing fruit. Through the foreign aid program we are financing the International Executive Service Corps. The objective of that organization is to improve the management of local enterprises in the less developed countries through making available the services of experienced American businessmen for 2 or 3 months. These Americans serve as volunteers and provide operating and financial counseling as well as guidance in production and marketing techniques. Many of them are retired executives who welcome the opportunity to make their services available abroad. To them we should be duly grateful. Americans with skills in electronics, textiles, and banking have won the praise of local citizens for the assistance given them in putting local business in the black. Here again is real basic grass-roots development.

When all the oratory is over about the wonders of foreign aid, we simply have to face the grim reality that man is more than an economic animal. An obsession with economic development only injects new problems in the total development process that inevitably take us into the political and social arena. And in those fields our money can perform few, if any, services to the emerging nations. We have to rely upon other resources and strategies—which we simply have brushed aside.

Twenty years of foreign aid should have taught us much about what we can do and how best we can do it. We are dealing with people—not alone nations—of infinite diversity and complexity. Instead of plunging ahead in the belief that the dismal science of economics holds all the answers, we ought to reflect more upon the environment in which foreign aid must be conducted in each country. It is not sufficient to enumerate the successes, although that would not take too long. We ought to examine carefully the reasons for failures. This may take us into areas that may not seem to be the proper concern of Congress or its committees. But unless we do something of that kind, I fear that we will continue the aimless arguments and ventures of the past. If the Congress should adopt a 2-year authorization, it may well be that we could profitably engage ourselves with such a study next year.

We could do that, anyway.

Mr. Chairman, in closing I would just like to say this to my colleagues. It seems to me it is up to us as individuals, as American citizens, as Members of the House of Representatives to go very deeply into the reasons for every single program that we try to finance because the financing of it is, to me, the least part of it.

If we have not contributed to the uplifting of the people of these countries, if we have not contributed to the betterment of society in that area, in that country, on that whole continent, then we have failed. I do not think we have failed. I think we are doing a great job, but I think we have done so much of it terribly badly, and I hope to be on the committee until that time when we really do a good job from start to finish. It is going to take a lot of work; it is going to take a great deal of real respiritualizing of ourselves. But it can be done.

Let us be at the doing.

Mr. MORGAN. Mr. Chairman, I yield 12 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, I rise in support of H.R. 15750, the Foreign Assistance Act of 1966.

There are many reasons why this legislation merits our support. Most of them were ably discussed by our chairman, Dr. MORGAN. I would like to compliment him at this time on his remarks, and urge all my colleagues to refer to them during the course of the debate on this bill. They are clear and definite. They are factual and most pertinent.

I also compliment my colleague from Ohio [Mrs. BOLTON], for discussing the importance of many special items in this bill, and particularly bringing out the importance of dealing with the basic human needs at this time, the dire needs of the peoples of the developing countries. These are most important factors.

I do not wish to duplicate their efforts. Instead, I should like to concentrate on one reason—the one that comes closest to my own area of responsibility as chairman of the Subcommittee on Europe.

Mr. Chairman, for some time it has been apparent to most of us in Congress that all was not well with the great western alliance which kept freedom secure during the troubled years of the post-World War II period.

In recent years, cracks and strains of disunity began to mar the solid front presented by the North Atlantic Treaty Organization.

The organization continued to serve its basic purpose—the containment of the westward expansion of communism—but the unity of purpose, that feeling of solidarity which kept all 15 of us working together for a common goal, that zeal and that drive, were beginning to disappear. The 15 nations to which I refer are those 13 free countries of Europe, plus Canada and the United States, which bound themselves to come to each other's assistance by signing the treaty of Paris.

Two years ago, Mr. Chairman, a study mission of the Subcommittee on Europe directed attention to this development, warning about the consequences of disarray in the North Atlantic Alliance.

Our study mission did not propose any readymade solutions or—as seems to be the fashion these days—lay the blame for what was happening to NATO at the doorstep of one of our traditional allies.

On the contrary, our mission pointed out that the United States had to bear some share of responsibility for those developments and urged that, instead of indulging in mutual recriminations, that all of us ought to get together and begin exploring new avenues, new approaches, which could help us revitalize the much-needed alliance.

As we know, not much happened during the intervening 2 years until this March, when General de Gaulle precipitated the current crisis by withdrawing France from the military structure of NATO. Then the fat was in the fire, and all concerned began to run back and forth, wringing their hands, and trying to find a way out of the dilemma which confronts us.

Mr. Chairman, during the past 3 months your subcommittee on Europe held extensive hearings on "The Crisis in NATO." We examined not only the implications of the French withdrawal but also those underlying causes which appear to have brought it about. And while our subcommittee's recommendations have not been finalized, I would like to outline some of my own thoughts on this subject.

This brings me back to the Foreign Assistance Act of 1966, and I think it is important that we approve this legislation.

It seems to me, first of all, that any talk about NATO having outlived its usefulness is sheer nonsense. The Soviet military threat is as real today as it was 5 or 10 years ago.

There are more than 120 Communist divisions stationed in East and Central Europe, poised to strike whenever our guard becomes sufficiently lowered.

Those ground forces are bolstered by thousands of planes and a very large number of missiles targeted on Western Europe.

In addition, Soviet penetration of the Mediterranean Sea, the Atlantic Ocean, and the surrounding bodies of water, has increased substantially in the last few years.

These statistics speak for themselves. The Soviet military threat has not receded. On the contrary, Communist military capability aimed at Western Europe—and, ultimately, at the rest of the free world—continues to grow. Must we recall Berlin, Hungary, Poland, Cuba? History does repeat.

The military alliance embodies in NATO is, therefore, relevant—and badly needed. The funds in the bill before us, intended for our contribution to the NATO alliance effort in Europe, are absolutely necessary. They may not be very large—but, nonetheless, they are vital.

Let me add a footnote here to underline the importance of this military authorization for NATO:

In recent years, as troubles developed in other areas, it has become our custom to cut back on military funds for the NATO area.

Time after time, the very modest programs proposed for the most vulnerable region of NATO—particularly for Greece and Turkey—have been cut back and the funds diverted to other regions.

These actions on our part, it seems to me, open up something of a "Credibility Gap" with regard to our own intentions toward NATO—and our estimate of the threat confronting the North Atlantic community.

You cannot cut back on minimum programs—and cut back more than once—without leaving some people with the impression that we attach less importance to the military requirements of NATO than we do to those of some other areas.

Now we all know that the military posture of NATO has been shaken severely by the recent French actions. Let us not compound our difficulties during this crucial period by cutting back, or voting down, the authorization in the bill before us. It is needed not only for what it will accomplish in military terms, but also because of its psychological impact in attesting to our continued support of the North Atlantic alliance.

Mr. Chairman, there is another reason why the passage of the bill before us is important from the standpoint of our stake in—and our relations with—the North Atlantic community of nations.

As I mentioned earlier, one of our big problems with NATO is that the zest has gone out of the alliance.

Years ago, we were bound closely together by our common dedication to the task of reconstructing Western Europe—by the inspiration of that tremendous drive for peace which characterized the postwar period—and by the movement for Western European integration. Those elements—that glue which held the alliance together—that spirit which inspired our efforts—are no longer present.

The task of European reconstruction is finished.

The drive for peace floundered on the rocks of Soviet intransigence.

And the movement for Western European integration came to a virtual standstill for reasons which are too complex to be discussed in the few minutes allowed me this afternoon.

Four basic reasons are: First, the French veto of Britain's entry into the Common Market; second, French oppositions to vesting authority in supranational European bodies; third, the agricultural problem; and fourth, concern that the rich, industrious, and expanding Germany could come to dominate any integrated arrangement in Europe.

What we need, therefore, is a cause—and a task—which would transcend the purely military aspect of NATO and provide all the nations of the North Atlantic community with the direction and the unity of purpose, which were once a part of the alliance.

We have such a task—such motive for unity—in the peaceful endeavors embodied in our war against the traditional enemies of mankind: want, hunger, disease, and ignorance.

This is the war which we wage with the economic aid authorizations of the Foreign Assistance Act.

I say, let us not give up the fight. Let us not cripple that program. Rather, let us continue it and embark upon a new offensive by trying to further broaden its scope from an American undertaking to that of a NATO-wide—or North Atlantic-wide—campaign for the eradication of the basic causes of human misery, disorder, and, ultimately, war.

Here is a challenge—and an opportunity—to marshal anew the energies and the resources of the North Atlantic community for a peaceful offensive which equals in opportunity and importance anything that we have undertaken jointly during the past 17 years.

NATO needs such a challenge. The free, prosperous, energetic countries of the European Continent must raise their sights above the immediate concern with their own material well-being and regional security. They should be brought in as full partners into a long-range, closely coordinated program for the economic and social development of the developing countries of Asia, Africa, and of other areas.

Mr. Chairman, in urging the enactment of the Foreign Assistance Act of 1966, I, therefore, ask that the President call for a conference of the leaders of the North Atlantic community to explore and initiate such a new joint drive for peace—a drive dedicated to the building of the only solid foundations on which lasting peace can exist between nations of the world.

I urge all to support H.R. 15750.

Mrs. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. ADAIR].

CALL OF THE HOUSE

Mr. HALL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Fifty-eight Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 160]

Abbutt	Farnsley	Pool
Bandstra	Flynt	Powell
Baring	Green, Oreg.	Resnick
Barrett	Hagen, Calif.	Rhodes, Ariz.
Battin	Hansen, Idaho	Rivers, Alaska
Bell	Hansen, Wash.	Robison
Bolling	Harsha	St Germain
Buchanan	Hawkins	Scheuer
Callaway	Herlong	Schmidhauser
Celler	Ichord	Scott
Colmer	Jones, Ala.	Senner
Conable	Keogh	Sickles
Conyers	King, N.Y.	Sisk
Corman	Landrum	Smith, Calif.
Cunningham	Leggett	Smith, Va.
Davis, Wis.	McFall	Stephens
Dawson	Martin, Ala.	Thompson, N.J.
Delaney	Mathias	Toll
Dickinson	Matsunaga	Trimble
Diggs	Mills	Tuck
Downing	Mink	Tunney
Edwards, Ala.	Morris	Van Deerlin
Edwards, Calif.	Morrison	Whitten
Edwards, La.	Murray	Williams
Ellsworth	O'Brien	Willis
Everett	O'Konski	Wilson
Evins, Tenn.	O'Neal, Ga.	Charles H.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee,

having had under consideration the bill H.R. 15750, and finding itself without a quorum, he had directed the roll to be called, when 347 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Indiana [Mr. ADAIR], is recognized for 15 minutes.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, at the outset, on behalf of those of us on the minority side, I must pay tribute to the gentlewoman from Ohio, who led us through the long and sometimes trying days of these hearings and the markup of the bill. We are appreciative of the leadership she gave us.

I must also echo the gentlewoman's words with respect to the patience of the chairman of the committee and the opportunity that he offered everyone to be heard.

Now I come, however, to a somewhat less pleasant point. In past years we in the minority had prepared our views to include certain sections in boldface type. No objection has been raised to this practice. This year, without our consent and without our knowledge when the report was in final form at the printers we were denied this privilege. Had we known we were not to be accorded this privilege, we would certainly have prepared our remarks in a somewhat different manner.

A second point, Mr. Chairman, that caused us some chagrin was the fact that it was not noted upon the front cover page of our report that there were minority views or supplemental views. In that connection it is worthy of note that the report prepared in the other body upon the foreign aid legislation this year did carry such a notation. I say that these were matters of some concern to those of us who filed minority views.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. Of course, I yield to the chairman.

Mr. MORGAN. Of course, I am responsible for the removal of this bold-faced type, but I am sure that the gentleman knows that this report was accompanied by supplemental views of five members and separate views by one member and minority views by five members. In the first draft, as the gentleman said, some boldface type was used in the committee report. The chairman of the Joint Committee on Printing has requested all committees to hold the line and help reduce printing costs. The use of boldface type is not approved by the joint committee's regulations as it involves substantial additional labor costs. Instructions were therefore issued to eliminate it from both the committee report and any views accompanying it.

This was a matter of economy, and I am sure the gentleman wants to save a few dollars for the country. That is why it was eliminated from the report.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield for a moment?

Mr. ADAIR. I yield to the gentlewoman.

Mrs. BOLTON. I think it was most unfortunate that this was done as it was, because the previous reports in years back have all had boldface type, which made a great difference in the way it was presented. I join my colleague in his deep regret at this omission.

Mr. MORGAN. I just want to say in response to the gentlewoman from Ohio that the chairman of the Joint Committee on Printing just made the economy plea this year.

Mrs. BOLTON. I am sorry that he has that point of view about the few things that really matter. If he had it about things that did not matter, it would be all right.

Mr. ADAIR. I will say to the gentleman from Pennsylvania, since the type was originally in bold face in the first prints, it is difficult for the gentleman from Indiana to see how an economy was effected by resetting the type in the normal type in the final edition.

Now, Mr. Chairman, those who vote for this authorization bill this year will have the distinction of having voted for the largest single authorization bill in the history of foreign aid. This you may use in your press releases to your folks at home. This bill in total provides an authorization of approximately \$13.8 billion. Admittedly that is not all for this year. Basically the bill is a 2-year authorization bill with 5-year provisions for development loans and the Alliance for Progress, but the amount authorized this year, I repeat, is the largest of any single foreign aid authorization in the history of this program.

Mr. Chairman, in many other ways this is a program of staggering proportions. In this year's bill there is provision for economic aid to 72 nations in the world, plus carryover assistance to 10 additional nations.

Mr. Chairman, there is also provision for military aid to 55 nations in the world contained in this year's bill.

Mr. Chairman and members of the Committee of the Whole House on the State of the Union, in this bill we propose to give assistance, either economic or military, or both, to 84 nations in the world, and to that figure must be added the 10 nations to which I referred a moment ago where there are still carryover funds to be expended.

So, Mr. Chairman, it all adds up to the fact that foreign assistance is being given to 94 nations in the coming fiscal year.

Now, Mr. Chairman, a point is sometimes made that the AID program is shrinking and that countries are being removed from its purview. It is true that a few have been so removed, but based upon the figures that I have just presented to the Committee, it can be said that the process of shrinking this AID program is one which is proceeding very slowly.

Now, Mr. Chairman, the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] in his remarks a little while ago pointed out that contained in this bill are really many programs. That is cer-

tainly true. However, that line of thought should be carried still farther.

Mr. Chairman, in the whole of our AID program to the countries of the world there are many other programs than are encompassed in the Foreign Assistance Act. On page 77 of the House report we have set forth a number of these programs which include the Peace Corps, the food-for-peace program, the Inter-American Development Bank, the International Development Association, and the Asian Development Bank which, when taken together with this year's programs, total over \$5.5 billion in the overall areas of foreign assistance of one kind or another that the citizens of this country are extending in this year.

Mr. Chairman, reference has been made, as I just remarked, to the fact that we are shrinking the program by removing certain countries from it. However, it is interesting to observe that while a somewhat less number than the maximum in past years is receiving aid this year, the number of personnel employed by the AID agency is at a near alltime high.

Mr. Chairman, it seems a bit inconsistent for us to say that we are reducing the program and reducing the number of countries to which it applies, but yet find it necessary to employ several thousand additional people to administer the program.

We have spoken already in the course of this general debate about the fact that this is for the most part a 2-year extension of the program. Many of us object to that and feel that it should be only a 1-year extension.

Opportunity will be offered for a fuller discussion of this point when an amendment is offered to make the bill a 1-year rather than a 2-year proposal.

However, it ought to be pointed out now that among the reasons for desiring a 1-year bill are these—first of all, in a world of very rapidly changing conditions, certainly the authorizing legislation which is the policymaking legislation, deserves and needs to be reviewed at least once every year.

We are told that flexibility is needed in the program because of these rapidly changing world conditions. But if we are to give it maximum flexibility with congressional oversight and approval, we must then have a 1-year program instead of a multiyear program as here provided.

Second, and I think validly, there are those who say, if we were to have a 2-year program, then this is out of step this year and that a new 2-year program, if there were one, should be authorized in the first year of each new Congress so that Members would have the benefit of the debate on the program and would have the knowledge of the committee and would be better able to evaluate the program and the needs of the program.

I repeat, I think there is a considerable degree of validity to that argument.

The third point in favor of the 1-year program is the retention of congressional control. We cannot control the program as we need to do and ought to do if we do not have the annual legislative oversight functions.

So, I would urge Members when opportunity offers, as it will be offered, to restore this to the 1-year program.

It can be said when the measure first came before the committee for markup purposes that it was in the form of a 1-year program. And only after certain action was taken in the other body did it then become necessary through a series of amendments to increase it to a 2-year basis.

A few words now about Vietnam. In the first place, it is important to recall that there is no military money for Vietnam in this bill. Economic money—yes. Military money—no. That, as all Members know, is now being handled in the Department of Defense authorization and appropriation bills.

We have been told through the years in the past that aid through military assistance particularly is valuable to us because it permits us to have on the fighting fronts of the world, soldiers—not American soldiers—but soldiers of foreign countries at far less cost than is required to maintain American soldiers.

But as we find ourselves now fighting in Vietnam, one is bound to ask the question: Of what value is it to maintain soldiers at less cost than it takes to maintain American soldiers if those other soldiers are not present there to help us when we need help?

How many are giving us assistance in Vietnam now?

Of the countries that receive assistance from us—South Korea is there in force with her soldiers and is doing an excellent job.

The Philippines are preparing to send some troops.

Of the countries that are not receiving aid, but are giving us assistance in Vietnam—there is only Australia and New Zealand.

When you have said that—you have said it all.

So, Mr. Chairman, where are all these troops that we have been supporting and equipping and training through the years so that it would not be necessary to maintain such large American forces in time of need? Where are they now when we need them? It seems to me, if there is one point where criticism can legitimately be leveled at the military program, it is in that area.

Each year we have found it worth while and helpful to examine briefly the question of pipeline—the amount of funds provided in previous years and not expended. Members will note that in the minority views we have appended, as we have in past years, a detailed schedule showing the pipeline as it exists with respect to various countries.

To consider some of the figures in broad outline—and I am speaking now in round numbers and approximations—a year ago at this time, when we debated this bill, it was estimated that the pipeline was about \$6.2 billion—notice, almost double the amount of the current appropriation. This year the estimated pipeline at the end of the fiscal year will be a half billion higher, about \$6.7 billion, on the basis of AID's estimates. Thus in the last fiscal year the pipeline

has increased by approximately one-half billion dollars.

Those who care to examine the schedules to which I have referred will find many interesting data there, but just to call attention to one or two, we have been critical for many years of the Government of the Congo at Brazzaville, which is largely dominated, as all here know, by the Communists, and inspired by the Chinese Communists. It is interesting to observe that there is still in the pipeline for that Communist-dominated country the sum of \$466,000.

An even more striking figure, perhaps, is that with respect to Cambodia. We read day after day in the news accounts that the Government of Cambodia is giving sanctuary to the Vietcong and the North Vietnamese forces. So it may surprise some here, as indeed it did me, to discover that there still appears in the pipeline for that country, for development grants the sum of \$1,382,000. With respect to this amount AID officials advised me just this morning that they did not know at what rate it would go or what it was being used for.

In the light of that sort of thing, Mr. Chairman, it does not appear that it is not worthwhile to oppose the U.S. Government. Here, I repeat, is a country which gives sanctuary to our enemies, and yet we have money in the program, and still expect to spend it, for the benefit of that country.

I contend, Mr. Chairman, that that is reprehensible and ill advised. On balance, having in the pipeline \$6.7 billion, almost double the amount requested for the appropriations this year under this bill, it seems to me that we might well rest, and not appropriate additional money this year, and that we should take a long, hard, careful look at the program as person after person has recognized needs to be done, and I am sure, then, that those parts which are good and worthwhile could be preserved and written into new law and could provide us with the ability to assist our friends, the ability to strengthen our own international ties, and to enlarge our military effort, if need be, at a greatly lowered cost to the taxpayer.

I urge that this bill be defeated.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Utah [Mr. KING].

(Mr. KING of Utah asked and was given permission to revise and extend his remarks.)

Mr. KING of Utah. Mr. Chairman, I rise in support of the present bill. The purpose of the U.S. foreign assistance program is to help realize the potential of the underdeveloped countries. Our aid is only to inject the initial capital, technical know-how, and men to get the development process underway. In other words, our aid is a catalyst to start the reaction, which, once underway, is no longer needed. And the reaction must be a total commitment on the part of the recipient countries to help themselves in every aspect of their own development.

As President Johnson said in his foreign aid message:

Although we recognize the shortsightedness of isolation, we do not embrace the equally futile prospect of total and endless dependence. The United States can never do more than supplement the efforts of the developing countries themselves. They must supply most of the capital, the know-how—and the will to progress. If they do, we can and will help. If they do not, nothing we can supply will substitute.

The proposed foreign aid bill for fiscal year 1967 puts a justifiable emphasis on self-help. Our successes in Western Europe, Greece, Taiwan and elsewhere have been due to a combination of outside help with the determined self-improvement efforts of the countries themselves.

In Taiwan, for example, one can see clearly the results of self-help. It is one of 27 countries in which our economic assistance has been terminated, and through it is far from rich by our standards, its economy is now growing under its own impetus. A recent study of Taiwan concluded that without American assistance it would have taken Taiwan at least 40 years to achieve self-supporting growth, instead of the 15 years it actually did take. But the same study emphasized that the key element in Taiwan's success was what the country did for itself.

The 20 countries receiving major AID development assistance have an average gross national product of \$120 per capita. Yet these nations contribute an average of \$6 for every one AID dollar from a country where per capita GNP now stands at better than \$3,000 per year.

Insistence on self-help means that the United States may require a country to make some economic reforms or commitments as a prerequisite to financial assistance. Self-help frequently goes beyond the scope of any individual project to include such things as the revision of a tax system to make it more effective and more equitable or the enactment of stringent fiscal measures to insure that inflation does not wipe out temporary gains.

The AID program for fiscal 1967 will continue to enforce strictly the Agency's requirements for self-help. Recently, one loan was held up and no new loans were authorized for a full year in a Latin American country that did not take the agreed steps to improve its balance-of-payments management and to end its budget deficit.

Another program loan, to an Asian country, was approved with the condition that the nation eliminate a licensing system that slowed the import of needed raw materials, stifled private sector growth and invited corruption. The country complied with these conditions, and the reform led to a sharp spurt in private industrial output and an end to black market dealings in the freed items.

The requirement of self-help fills several purposes. It hastens the recipient nation's progress toward self-sufficiency. It insures that American tax money goes only to those countries that are interested enough to shoulder the greater share of the cost. And it gives the developing nation a justifiable sense of pride in its own accomplishments.

The foreign aid program for fiscal 1967 is strengthened by its emphasis on self-help. America has the resources to assist those who are willing to make sacrifices in their own behalf.

Mrs. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in support of the bill H.R. 15750, although I have serious reservations about certain provisions in it.

To begin with, I should like to join in the compliments which have been paid both to the distinguished chairman of our committee for his usual understanding of all the members of our committee and their differences and for his levelheadedness in dealing with a complicated problem.

I should like to join also in paying tribute to the ranking Republican on our committee, the gentlewoman from Ohio, who has been an inspiration to us all.

Other members of the committee have already described in some detail the various provisions of the bill now before us. For that reason I shall confine my own remarks to a discussion of one of the major recommendations regarding the foreign aid program which the President made this year.

Let me simply say in passing that the Foreign Affairs Committee against one of Mr. Johnson's two major recommendations, that the military aid program and the economic assistance be considered separately. The bill we are now discussing authorizes both military and economic aid.

I should like to talk about the other major recommendation.

The President on February 1 in his special message to Congress on foreign aid made an urgent request for 5-year authorizations both for our military and economic aid programs. This has turned out to be his most noteworthy and controversial proposed change in the present program. Indeed, as the debate today indicates, the multiyear authorization promises to be a major bone of contention.

The administration requested a 5-year authorization for foreign aid for two basic reasons. One might be described as intense solicitude for the House Foreign Affairs Committee and the Senate Foreign Relations Committee. These annual reviews by the two committees, the argument runs, are tedious, time consuming, and not always productive. If relieved of this annual burden of an overall review, these committees could spend their time to better advantage.

Indeed, the distinguished chairman of our committee only this afternoon has particularly stressed this argument with respect to long-term authorizations.

The other argument might be described as primarily psychological, seeking to bolster the confidence of the recipient countries. As the AID Administrator, David Bell, expressed it, a 5-year authorization will give the countries involved "a more solid basis for understanding what they can anticipate if

they accomplish the kinds of self-help activities" which the United States considers desirable.

Well, what kind of a case was made during the hearings for these two arguments? Certainly the testimony was undramatic in spite, I might say, of the chairman's warning to Secretary Rusk that "your shop is going to have to make a good strong argument for a multi-year authorization. Some real ammunition," he continued, "will have to be developed during these hearings before we will be able to sell a multiyear authorization to the House."

Certainly the provision for a 2-year authorization which the committee is recommending and which is found in this bill indicates a partial response to the administration's argument that our committee works too hard and with too little effectiveness. But the response is far less than the President had requested.

As the committee report indicates, a comprehensive review of the foreign aid program is important at least every 2 years and can best be assured by a renewal of the basic authorization.

The testimony reveals little evidence of why recipient countries need more assurance than they now have as to the long-range plans and generosity of the United States.

Secretary of Defense McNamara contended that a 5-year authorization would represent, and I quote, "tentative congressional approval" of our willingness to provide financial support for long-range planning by the recipient countries. However, since appropriations for these programs will remain on an annual basis, it is hard to see just why recipient countries would act differently if our aid program were to be authorized over a period of years.

In any event the President's specific request for a 5-year authorization was rejected by the committee—indeed, I would hazard the guess that it was not even seriously considered by most members of the committee.

Whatever may be the value of "freeing" Congress from what Mr. Johnson described as "the burden of an annual review of basic legislation," there is little, if any, sentiment for an authorization for a period of as long as 5 years. If Congress were to provide such an authority this year, for example, there would be no overall review of foreign aid by either the 90th Congress, to be elected this November, or by the 91st Congress, to be elected in November 1968. It is difficult to imagine the House approving such a change in present procedures, no matter how strong the pressures from the White House.

The committee bill does, however, incorporate a provision authorizing a 2-year program. Strong dissents from that recommendation can be found in the committee report, on pages 64–65 and 75–76.

At this point, Mr. Chairman, I should point out that the House conferees last year were deadlocked for weeks over this question of a multiyear authorization. As a conferee myself, last year I agreed to the following language:

As conference discussions continued, it became apparent that although the House conferees could not agree to a blanket 2-year authorization under present conditions, they were not irrevocably opposed to authorizing foreign aid funds for longer than a year regardless of circumstances.

1. During consideration of the Foreign Assistance Act of 1966, House members of the committee of the conference will urge their colleagues to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years. The House of Representatives has approved authorizations for various aspects of the programs for periods of 2 years or longer on a number of occasions in the past, and the House conferees are prepared to suggest the consideration of longer term authorizations, taking into account the demands on the U.S. budget and the nature of the world situation next year.

If 2-year authorizations were made, the authorizing committees of the House and Senate might direct their attention in alternate years primarily to a review of aid policies and an evaluation of operations rather than focusing on the programs submitted by the Executive for the year to come.

This language was inserted, Mr. Chairman, in response to the reluctant decision of the conferees from the other body that they should recede from their provision for a 2-year authorization.

While I personally have reservations as to the wisdom of even a 2-year authorization, I could not say today that I would be "irrevocably opposed" to a longer authorization "regardless of circumstances." Nor, in the language of the conference report, could I argue against examining "with the greatest care" such proposals.

The problem is that the world today remains most unsettled.

The chairman of the committee himself says we must accept the world as it is today, and the circumstances have not improved since last summer.

The changes throughout the world within the next 12 months are almost sure to be of a character which will demand a thorough reappraisal of our entire aid program next year. Furthermore, the fact is that our aid program goes to so many countries and for so many different reasons that I cannot help but feel it will continue to need the kind of scrutiny which an annual authorization provides. That such an appraisal takes time, and occupies both congressional committees and important members of the executive branch is surely no reason for not exercising our legislative responsibilities each year.

Certainly the suggestion that a 2-year authorization be now approved is easy to criticize. If, as the administration contends, a 5-year authorization is essential to promote long-range planning and to provide stability and continuity, that objective will not be achieved by a niggardly 2-year program.

Furthermore, for this 2d session of the 89th Congress to attempt to bind a new 90th Congress when it convenes next year would seem an obvious mistake. Surely if a longer authorization has merit it should be considered next year, when the newly elected Representatives to the 90th Congress first meet. In short, the

committee's suggestion that a 2-year authorization be approved now is neither fish nor fowl. It deserves no support from the executive branch, nor from Congress.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Chairman, would the gentleman not agree with me that long-range planning can, should and does go forward in many instances when the authorization is not made for such a long period of time? This program I have seen a number of cases where planning over a considerable period of years has gone forward, and I feel properly so, even though the authorization has not been determined.

Therefore, Mr. Chairman, I believe the argument that there must be the authorization in hand before planning proceeds fails.

Mr. FRELINGHUYSEN. Mr. Chairman, I agree with the gentleman from Indiana. There is no necessity for a long-term authorization or a multiyear authorization of any kind in order to make possible and to encourage long-term planning.

Mr. Chairman, the Secretary himself in answer to questions put by me pointed out that they had long-range plans both for Greece and Turkey. I questioned the usefulness of such projects because of the fact that we had no idea of the relationship between those two countries and what such relationship will be over a 5-year period. But there is no reason that long-range planning can and is being done even though we are on an annual authorization basis.

Mr. Chairman, let us examine more closely the reasons for the request for "a multiyear authorization." If they are convincing, perhaps Congress should change its ways. If the reasons are not convincing, surely we should continue with the present method of annual authorizations of foreign aid programs.

Let us first consider the President's position. In his February message, Mr. Johnson made clear his determination to make "the basic changes the times demand, to carry forward the best of what we are now doing in the less developed world, and cut out the worst."

Times are changing, the President says, and we must respond to those changes. The foreign aid program, he declares, has had the "most sober and searching review," and as a result, he recommends various changes. After questioning the merit of each program, the President proposes to make "the basic changes which the times demand." At the same time, however, Congress is being asked to do considerably less. Rather than to look into the merits of programs and consider basic changes, Congress is asked to provide a long-term authorization. Why? A 5-year authorization is needed, the President asserted, "to signify the depth of our commitment to those who help themselves."

Apparently attempting to allay the fears of some in Congress, the President then specified that—

Annual congressional consideration of both economic and military programs will be maintained through full annual presentations before the substantive committees, if they so desire, as well as through the annual appropriation process.

What then is the basic reason for this request that Congress abdicate, at least partially, its responsibility? We need, it is argued, a longer authorization to reassure those whom we plan to aid. Having only given some \$120 billion since the foreign aid program began some 20 years ago, we now apparently must do more, "to signify the depth of our commitment."

However, in order to emphasize the importance of giving the recipients of our aid the assurance that they can continue to rely on our generosity, the President in his message cut the ground out from under the other major argument for a long term authorization. During hearings on the bill, much was made of the point that the Foreign Affairs Committee was too busy with its annual review of foreign aid to help as much as it should. As Secretary of Defense McNamara put it:

From a purely practical point of view, I think you and we can better spend our time than by constantly reviewing the total program in the rather stereotyped fashion which is required . . .

What does the President think of this argument of his Secretary of Defense? Not much. The President emphasized that full annual presentations before the substantive committees would provide Congress with an opportunity to consider the foreign aid program each year, in addition to the annual appropriation process. His only hint of a change in the present methods was his suggestion that these annual reviews would be maintained and I emphasize the point—only if desired by the substantive committees.

What the administration is seeking, in other words, is a way to get the Foreign Affairs Committee of the House, and the Foreign Relations Committee of the Senate, "off the hook." If they want no annual review, they should be under no compulsion. Indeed, as David Ball, Director of AID, put it:

A multiyear authorization would in fact permit the committee, in my humble opinion to do a better job of inspecting, investigating, reviewing and understanding the elements of this program than the annual authorization process permits.

To put it bluntly, a basic reason for a multiyear authorization is the contention that Congress now is doing a poor job in overseeing the aid program. Freed of the burden of an annual review, it is argued, the legislative branch might be more effective in overseeing what is being done. As Secretary of State Dean Rusk put it in his tactful way:

These annual hearings, in general across the board, may not always bring to bear the accumulated experience of the committee in helping us dig into some of the details of the program in which the judgment and advice of the Committee could be very helpful.

This theme of congressional inefficiency and ineffectiveness was repeated constantly during the hearings. Though Secretary Rusk was frank enough to admit that he would be "somewhat presumptuous" to advocate a long-term authorization solely on the basis of "how Congress spends its time," the general argument was the Congress through annual reviews is simply spinning its wheels. To help out "the sapless branch," the administration is advocating a new approach.

To compound the confusion, I should like to refer to the problem which Congress faced last year before foreign aid received the necessary stamp of approval. Last year, it should be remembered, the President did not even request a long-term authorization. It was the other body, or the committee of the other body most directly concerned, which felt it was imposed upon because it had to review foreign aid every 12 months. Now we are led to understand that despite "the great temptation" of being relieved of the necessity for annual reviews, the committee of the other body now feels there should be "at least an annual review" of foreign aid by the policy committees of Congress, "at least until the world situation stabilizes somewhat."

What an awkward situation for our President. Last year the House successfully turned aside a bid by the other body for a multiyear authorization for foreign aid, in part because there had been no Presidential request. This year the President's request is flatly rejected by the other body, even with respect to the Alliance for Progress and the development loan program, where the principle of multiyear authorizations was apparently well established.

The administration may well find itself in an awkward position also if the proposed 2-year authorization should be written into the law. The President asked, as part of his 5-year authorization "package," for "open ended" authorizations for most of his programs. Instead of specific dollar ceilings, the administration asked for "such amounts as may be necessary."

The committee bill, on the other hand, authorizes specific amounts for the various programs, for both the fiscal year 1967 and 1968. Since no attempt was made to indicate what might actually be needed in the fiscal year 1968, the committee simply established the same ceiling for 1967 and 1968. This may give the administrators of the program some real headaches.

The committee is quite frank in its evaluation of the 1968 ceiling. Indeed, the chairman of the committee this afternoon went so far as to praise this financial ceiling.

The committee report asserts:

It is expected that the executive will not develop plans for fiscal 1968 which contemplate any increase in foreign aid. Rather than expanding the programs already under way or seeking new ways in which to operate, those responsible for the administration of military and economic assistance should reexamine their priorities in an effort to accomplish more with less money.

If the administration seeks more flexibility, and an opportunity for more effective and long-range planning, it can hardly be overjoyed at the establishment of a rigid and completely arbitrary financial ceiling for the fiscal year 1968.

Mr. ZABLOCKI. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, the gentlemen from Indiana [Mr. ADAIR], has raised a question regarding aid funds in the pipeline earmarked for Cambodia. First let me say there are no such funds for Cambodia in this bill. The funds in the pipeline for Cambodia were obligated at the time we cut off aid to Cambodia. This money was used to pay the costs of maintaining certain Cambodian students studying in the United States.

If we had refused to continue their support it would not have been in our interest to have them go home disgruntled and disenchanted. There were some who could not go home because they opposed the anti-American views of their government.

This decision as to the students was made in consultation with the congressional committees.

In addition there is a small reserve to pay off any claims of U.S. contractors who were building highways and doing other work in Cambodia when the program was terminated.

None of the money involved goes to Cambodia. The funds earmarked for the students go to American universities and the living costs are spent in this country. Even the air fare transporting them home is spent on American carriers.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I do not have the time.

Mr. ZABLOCKI. I yield to the gentleman from Indiana.

Mr. ADAIR. I must say to the gentleman from New Jersey that the information which has been supplied him is at variance with the information which was supplied me also within the last few hours. I was told that the money was there, that it would be spent, and that no plans were then firm for its expenditure.

Mr. GALLAGHER. That basically is correct. There are no firm plans. But this money is in reserve to continue the maintenance costs of the students here and to get them back home; also to reimburse any American contractors for terminating the services that they were performing at the time aid was cut off. So, regardless of what happens, the money will not go to Cambodia. It will remain here in the United States to terminate and to pay the costs that were entailed as a result of the cutoff of aid to Cambodia.

Mr. ADAIR. If the gentleman will yield further, I will merely repeat that that information is somewhat at variance with that supplied to me.

Mr. GALLAGHER. This is the information as to what is happening as far as the administration is concerned. For better understanding of the facts, I

thought perhaps it would be in point to bring this matter up.

Mr. ZABLOCKI. Mr. Chairman, I yield as much time as he may require to the gentleman from Michigan [Mr. VIVIAN].

(Mr. VIVIAN asked and was given permission to revise and extend his remarks.)

Mr. VIVIAN. Mr. Chairman, the foreign aid program for the next fiscal year proposed in H.R. 15750, before us today, is a sensible, a sound, a responsible approach to one of America's most vital opportunities—the opportunity to help the people of less-developed countries build a better life for themselves.

The program concentrates our effort and funds on the most urgent problems of these countries—their need for more food, for better health, for more widespread education.

But the program also demands self-help by each developing nation, as a precondition for our assistance.

It calls for full use not only of public but also of private resources in helping achieve economic and social progress—both the private resources of the developing nations, and the private resources of our own, and other prosperous nations.

Each country's needs, each country's resources, each objective of our foreign aid program, each AID program, have been carefully studied, and the amount requested for each is believed a minimum to meet the anticipated requirements for the next fiscal year. The total amount requested is about \$2.5 billion.

This proposed expenditure for economic aid represents only a very small part of our gross national product or of the Federal budget—less than three-tenths of 1 percent of our gross national product, and only 1.9 percent of our national budget.

Now Mr. Chairman, each year a number of our Members, and of our citizens, decry with vehement oratory the cost of this program, which they allege—quite wrongly in my opinion—to be excessive, exorbitant, intolerable, and so forth.

Just today, I received a letter from a group which calls itself the Citizens Foreign Aid Committee—a registered lobby devoted not to improving those foreign aid activities, as its title might suggest, but to demolishing the entire program.

Let me quote from the letter. The committee says:

Since American taxpayers are more likely to resent foreign than domestic spending, foreign aid should become the major target for conservative candidates.

What a shortsighted perspective.

Mr. Chairman, when the people of developing nations can stand on their own feet, because we have helped them to help themselves, our own national interests are advanced. Our economic aid is an investment in their and our future—an investment in the well-being of many millions of people in the developing countries of Asia, Africa, and Latin America, and thereby, an investment in our own future security and prosperity. Furthermore, as the more energetic of these nations become prosperous trading partners among the world's nations, they then too

can bear part of the burden we now largely carry.

Since the start of the foreign aid program, 27 nations have reached the point where they no longer need our help. For example, our AID program to Taiwan ended a year ago. With this help, Taiwan, in 15 years, built a self-sustaining economy. Without our help, many tens of additional years would have been required.

Taiwan now has the second fastest annual economic growth rate of any nation in Asia, second only to Japan. Mutually beneficial commercial trade now has supplanted our earlier aid. Steady progress toward the same self-sufficiency is being made by many other nations still on our AID list. Mexico, Israel and Turkey are three examples.

Mr. Chairman, through foreign aid, we have accomplished a great deal for other people, and for our own. Last year, the Congress appropriated a total of about 2 percent of our national budget for our economic assistance program abroad. This year, despite even greater need for help in less-developed countries, to raise their food production, conquer disease, educate their people, and generally make economic and social progress—and despite the increased economic commitment to Vietnam alone—we are asked to authorize and appropriate an even smaller percentage than last year.

Mr. Chairman, there are still millions of people around the world who continue to look to us for help in ending the cycle of hunger, disease, and ignorance. The American people want to assist them. The foreign aid program proposed is a sound, effective and, in the long run, inexpensive means of doing so.

FOREIGN AID REDUCED \$300 MILLION BY ROGERS AMENDMENT

Mr. ROGERS of Florida. Mr. Chairman, I am pleased to learn that the intent of the Rogers amendment to the Foreign Assistance Act of 1961 has been carried out with favorable results.

I have been advised by Mr. David E. Bell of the Agency for International Development that the amendment has reduced grants and gifts to foreign countries in the amount of \$300 million over the past 7 years. The report also points out that the number of foreign countries have been reduced from 41 to 13—a reduction of 28 countries.

It is satisfying to see such results, but I am hopeful that under strict enforcement of the amendment, the program will eventually be completely phased out.

I would like to enter into the RECORD the detailed letter from Mr. Bell:

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL
DEVELOPMENT,

Washington, D.C., June 13, 1966.

HON. PAUL G. ROGERS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ROGERS: I am pleased to respond to your inquiry regarding compliance with the Rogers Amendment to the Foreign Assistance Act of 1961 (Section 634 (e)).

This section, as you know, directs the Executive Branch, wherever practicable, progressively to reduce and eventually to terminate bilateral grant economic assist-

ance. This directive has been in effect with reference to supporting-type assistance since Fiscal Year 1959, and with reference to technical cooperation-type assistance since Fiscal Year 1962.

Attached are two tables showing the progress that has been made in complying with the Rogers Amendment in these two appropriation categories.

With reference to supporting-type assistance, the total request made by the Executive Branch has declined from \$1,047 million in Fiscal Year 1959 to \$747 million in Fiscal Year 1967—a reduction of \$300 million. As the figures on an attached chart show, this reduction would have been considerably larger were it not for the necessity of funding increased activities in Vietnam. Use of Supporting Assistance for countries other than Vietnam has declined significantly. For example, in Fiscal Year 1961, these programs totaled \$653 million, and in Fiscal Year 1967, the amount programmed is \$211 million. The reduction in the number of countries for which such assistance is programmed has been from 41 in Fiscal Year 1959 to only 13 in Fiscal Year 1967—an overall reduction of 28 countries.

With reference to technical cooperation-type assistance, the total reduction in the appropriation request from Fiscal Year 1962 to 1967 is \$51 million. The slight increase in technical assistance programs for Fiscal Year 1967 results from expanded programs in the vital fields of agriculture, health and education. The reduction in the number of countries has been 10—from 77 in Fiscal Year 1962 to 67 in Fiscal Year 1967.

These figures show that there has been substantial compliance with the Congressional directive contained in the Rogers Amendment regarding the reduction in bilateral grant economic assistance.

I hope this information will be helpful to you, and if there is any way we can be of further assistance, please do not hesitate to call.

Sincerely yours,

DAVID E. BELL.

Mr. MULTER. Mr. Chairman, the foreign aid bill before us will help to fill some vitally needed assistance to the less-developed nations. Emphasis on agricultural output to help grow the needed food for starving millions, improved health services to save lives and control disease, and increased educational assistance to combat illiteracy and create manpower for economic growth is a wise and worthwhile course for the aid program and one which will mean little sacrifice to the people of this prosperous Nation.

Today, in the less-developed countries, millions die or suffer from the debilitating effects of malnutrition and communicable disease which have long been under control in the developed nations. Literacy averages only 25 percent in the Near East and south Asia, and 16 percent in Africa while the demands of development call for advanced technical and professional skills.

There is little question in my mind that the need for increased U.S. assistance in these fields is urgent. I hope that each of my colleagues will review carefully the following excerpt from AID's summary presentation to Congress setting forth the Agency's proposed new initiatives in agriculture, health and education:

NEW INITIATIVES IN ECONOMIC ASSISTANCE

To meet President Johnson's call for a "massive attack on hunger and disease and

ignorance" in the less-developed areas of the world, AID will place new emphasis on its programs involving agriculture, health, and education.

In fiscal year 1967, AID plans to:

Increase by one-third its fiscal year 1966 programs for agricultural development in the less-developed countries and closely link its economic assistance projects with the Food for Peace Program;

Expand by 55 percent its health programs and launch a major drive to eliminate malaria in 15 countries and smallpox in 19 countries during the next decade;

Nearly double its programs in the field of education with special emphasis on projects to provide more teachers, educational facilities, textbooks, and specialized training in the United States for foreign students.

FOOD AND AGRICULTURE

In his 1965 farm message to the Congress, President Johnson said:

"The disturbing downward trends in food output per person in both Asia and Latin America in recent years must be reversed. And these trends can be arrested and reversed only by a massive mobilization of resources in both the food-deficit countries and the advanced countries of the industrial West."

In fiscal year 1967, AID proposes to invest nearly \$455 million directly in programs to speed agricultural growth in the less-developed world. This represents an increase of nearly one-third over fiscal year 1966 and more than half again as much as fiscal year 1965. It will permit a greater mobilization of U.S. technology and resources to meet the needs of many developing countries. AID will also contribute \$57 million in voluntary contributions for agricultural development to the UN Development Program, FAO's World Food Program, and the development of the Indus Basin.

In addition, the weight of the entire AID program and of food aid available under the Food for Peace Program will be used as leverage to hasten the massive mobilization of resources needed in the food-deficit countries.

The need for action is clear. Food output in the less-developed countries has been rising—but not as the demand for food. With population increasing at a rate of 2½ percent to 3 percent a year, food output per person has barely been able to keep pace, and in some countries it has actually declined.

Food demand is rising

But population growth is just one side of the problem. Food demand is also rising because personal incomes are rising for many in the less-developed countries. People who have long lived on subsistence diets are spending their first added income on more and better quality food.

Even with extraordinary progress in the family planning efforts of the developing countries, the prospect is for a rapid rise in food demand that will continue through the next two decades at the very least—and a food gap of massive proportions unless output can be drastically raised.

The less-developed countries now have a food deficit of 16 million tons of grain annually, met by imports from the developed countries. This deficit can be expected to grow to 42 million tons by 1975, and 88 million tons by 1985, if food output continues to increase only at the present rate, population grows at the rate projected by the UN, and only a modest increase in food consumption occurs over present minimum levels.

The 42 million ton food gap expected by 1975 is larger than the entire current U.S. wheat crop. The 88 million ton gap by 1985 would exceed U.S. grain production capacity (even assuming return of all reserve acres to production) by nearly 13 million

tons, or about the level of U.S. food aid grain shipments today.

It is plain that if a food shortage of disastrous size is to be averted there must be a rapid increase in the ability of the less-developed countries to produce their own food.

It is equally plain that a rapid increase in food output is possible, if food and rural development are given the attention and the priority they deserve.

Agriculture has made rapid strides in many developing countries over the past decade. Experience has demonstrated the kinds of assistance, the kinds of national investments, and the kinds of national policies that can produce a rapid growth in food production.

Food output has been growing

Agriculture in the less-developed countries is not stagnant. For the past ten years food output has been growing steadily.

At AID's request, U.S. Department of Agriculture experts studied farm progress from 1948 through 1963 in 26 developing countries—countries that receive three-fourths of AID assistance and account for 75 percent of the people in the AID-assisted countries of Asia, Africa, and Latin America.

The study showed that rates of increase in crop output failed to exceed population growth rates in only five of the 26 countries: Nigeria, Egypt, Pakistan, Tunisia, and Jordan. Twelve of the 26 countries sustained increases of more than four percent annually, an agricultural growth rate greater than that achieved by the developed countries over any comparable period of time. And in the most recent five-year period, Pakistan has also moved toward a much higher agricultural growth rate.

From this record, the study concluded that it was feasible for many more countries to achieve growth rates as high as the leading 12, and that it was both practical and possible for most developing countries to increase food output sufficiently over the next 10 to 20 years not only to meet their own consumption needs, but to achieve a surplus for export or investment.

Achievement of this goal involves more than simple increase in the volume of agricultural investment by the developing countries and in the volume of agricultural aid from the developed world. A rapid rise in food output depends on a whole complex of factors, from the quality of farm research and extension services and the availability of transport and fertilizer, to the impact of national policies on the incentive of farmers to produce more.

Factors in agricultural progress

Progress begins with people with the skills needed to carry out a development program. Since the beginning of AID assistance in Asia, Africa, and Latin America, the training of local agricultural professionals has been a keystone of technical assistance activities.

All of the 1,300 AID-financed agricultural experts now at work in the less-developed countries give priority to the training of local counterparts. Whether the AID expert's specific task is to help establish farm research facilities, assist in the development of irrigation systems, work on farm marketing bottlenecks, or advise on the distribution and use of fertilizer, his primary mission is to help local counterparts learn to do the job themselves and to train local staffs to help them.

As part of this continuing program of manpower development, AID usually brings 1,500 foreign agricultural professionals to the United States each year for advanced or specialized training.

The AID agricultural training mission involves many facets. In fiscal year 1965, for instance, there were 200,000 students enrolled in agricultural schools and colleges which AID has helped to establish in 41

Asian, African, and Latin American countries. These institutions are providing much of the trained manpower on which the expansion of agricultural research and extension services depends in the less-developed countries.

The role of American land grant colleges

American land grant colleges and universities, under contract with AID, are playing a central role in the creation of agricultural training institutions and of centers for practical research in the less-developed countries.

These efforts, to cite two examples, have resulted in these accomplishments:

A hardy strain of corn originally developed in Guatemala by an Iowa State University team now provides one of Thailand's largest export crops;

In South Indian, University of Tennessee professors proved conclusively that fertilizer and a few simple changes in cultivation could produce ten times the existing yields of "ragi," a type of millet on which 10 to 15 million people depend for food.

It takes effective extension services to get research results translated into action on a country's farms. In the Mymensingh district of East Pakistan, the AID agricultural advisor and his Pakistani counterpart found that while model farms were useful for research, demonstrations worked best when conducted by farmers themselves on their own small scattered plots of land. To the farmers of Mymensingh, line-sowing, the use of fertilizer, small pump irrigation, and other innovations were worth copying only if they worked for a neighbor whose farm and whose means were on the same small scale as their own.

AID has helped multiply the reach of extension services through farmers associations in Taiwan, farm cooperatives in Iran, farmers' clubs in Thailand and Nigeria, and "4-H" type clubs in more than 40 of the less-developed countries.

Agricultural credit programs

Even know-how is not enough if farmers cannot afford new seeds, the cost of irrigation water, or the investment in a season's supply of fertilizer. Making credit available is difficult in countries where land titles are often clouded, and the potential borrowers are already in debt to village money-lenders.

In Taiwan, farmers' associations worked as the source of credit to the country's 700,000 farmer-owners, with 70 percent of the loan capital coming from member deposits, the 30 percent balance from a government revolving fund financed by AID. In Korea, Iran, Tunisia, and many other countries, farmer cooperatives are working to channel credit for farm improvements.

In Mexico, a major break-through has been made through a supervised agricultural credit program supported jointly by AID, the World Bank, and the Mexican Government, and operating through private banks throughout the country. To date, AID has provided \$40 million in development loans; the World Bank, \$25 million; and the Mexican Government, the balance for a portfolio expected to reach the peso equivalent of \$100 million by the end of 1966.

Private banks—with 90 percent of their risk insured by government programs—have begun for the first time to loan money to farmers for productive purposes: land improvements, fertilizer, purchase of live-stock and the like. A total of 72 private banks in 28 Mexican states are now cooperating in the program, and the peso equivalent of \$52 million has been loaned to 12,722 farmer-borrowers.

Transportation is a major need

Transportation is required to bring tools, seeds, and fertilizer to farmers, and carry harvests back to cash markets. In 1965, Thailand earned the equivalent of \$70 million in foreign exchange from corn exports alone.

A third of the country's corn crop now comes from a new agricultural area opened by the 90-mile, AID-financed Friendship Highway, which enables produce to reach Bangkok markets in a few hours by truck.

Primitive marketing systems can seriously hamper agricultural investment. In Bolivia, rice output lagged for years despite high demand in La Paz markets and an obvious potential for greater output in rice-growing areas connected by highway to the markets. An AID study showed that, although prices were high in La Paz markets, the truckers who brought rice in the producing areas provided irregular service and paid very low prices. The farmers had no alternative outlet, and little incentive to grow more than their own need. To meet this challenge, AID helped form a producer-marketing committee which rented warehouses, and offered to buy rice at a stated, higher price. The truckers promptly raised their offering prices too, and the farmers responded; rice production climbed from a yearly average of 18,000 tons in the early 1950's to over 40,000 tons by the early 1960's.

Increasing rice production in Pakistan

The remarkable growth in rice output in East Pakistan—the most impoverished wing of the country one of the world's most crowded areas—demonstrates the complex of activities that can produce rapid farm progress even under severe handicaps.

Since 1962, AID has cooperated with Pakistan's Ministry of Agriculture to raise rice output in a crowded delta area with a history of shortages. AID helped finance imports of American fertilizer and pesticides and train 6,000 agricultural extension workers and the senior staff of the East Pakistan Agriculture Department, including training in the United States for most of the 35 Department directors and deputy directors.

In the ten years between 1955 and 1965, the average production of rice in East Pakistan rose from 7.4 million tons to 11.5 million tons. Average production per acre nearly doubled, from 787 pounds per acre to 1,340. The use of improved seed is credited with 12 percent of the increase, and regular spraying with pesticides with another five percent. Other major factors included: a tripling in the use of fertilizer (from 30,000 tons to 90,000); a six-fold increase in irrigation (30,000 to 185,000 acres), largely through use of low-level pumps shared by a few farmers; development of an effective extension service which gained the confidence of the farmers; government subsidy of fertilizer prices (roughly 50 percent of the purchase price, plus the cost of transport to inland depots); and a grass-roots public works program run by local union councils and financed by U.S.-granted local currency which built thousands of miles of farm-to-market roads.

The new AID emphasis on food and agriculture

AID's starting point in expanding assistance to agriculture is to make country performance in developing food resources a priority condition of self-help in agreements covering program loans or substantial AID country assistance agreements. This policy recognizes the fact that lagging food output and the drain of depressed rural economies in many countries threatens the gain of rapid progress in other sectors.

Self-help means investing an adequate share of the country's own national budget in food production; providing funds adequate to support better, larger research and extension services; and to build or create the external supports farmers need to produce more. Many things farmers need do not take foreign exchange—rural road systems, country warehouses, and storage centers, for example, can all be built with local labor, local materials, and local currency. Many countries have found it necessary to sub-

sidize the initial inputs farmers need to begin producing more, such things as fertilizer, pesticides, and improved seed.

If these investments do not require foreign exchange, they do take local funds and the urgency of the problem suggests that a number of countries may have to increase their own investments in food output at the cost of other, sometimes more glamorous, projects.

New policies in the less developed countries

Self-help also means a willingness to adopt national policies that encourage food output and to abandon policies that are clearly depressing production on the farms. In some countries, controls on farm prices designed to hold food costs in line for city workers have removed any incentive for farmers to invest in growing more for cash sale.

Other countries have found that when fertilizer distribution was opened to private enterprise, customer-oriented salesmen did a better job of promoting its use in the countryside than was ever done by government monopolies or understaffed extension services. In many Latin American countries, the slow pace of land reform and the prevalence of absentee owners leaves thousands of acres still without farmer-owners to manage the development of the land's full potential.

The most hopeful side of the world food outlook is the developing countries' own belated, but serious, concern over the problem. This concern is demonstrated by important changes already occurring in national policies and investment patterns. For example:

India has in the past year reversed its prior policies by establishing a production-incentive price support program for grains, by radically increasing the share of agriculture in its Fourth Five-Year Plan, and by opening fertilizer distribution to competitive private enterprise.

In Latin America, 14 countries have now instituted land reform programs, and the pace at which farmers are actually getting land titles is increasing steadily.

Nigeria has increased the volume of agricultural credit available to its farmers by 20 percent a year for the last ten years.

In the newly independent African countries the number of students graduating from agricultural schools of all types has about trebled during the last five years as part of the establishment of basic farm extension and research services.

AID assistance in fiscal year 1967 will be provided in five major areas of concern common to most of the food-deficit countries: farm market policies, agricultural institutions, research, water, and fertilizer.

Farm Market Policies: Agriculture is the largest private sector in the less-developed world, where progress depends on the decisions of hundreds of millions of independent farmers. No farmer is going to decide to break with old traditions or invest in new tools and improvements unless it is clearly rational for him to do so. Credit must be available to make investment possible; he must be able to obtain things he needs when he needs them; he must have an opportunity to sell what he produces for a profit; and there must be consumer goods available to buy with his added income.

AID will finance the services of more American experts to help other countries with the complex job of creating the network of practical policies needed for farm progress. In providing this kind of assistance, the Agency will rely heavily on the resources of American land grant universities and the U.S. Department of Agriculture, financed by contracts and interagency agreements.

Agricultural Institutions: AID will increase the flow of assistance available to help less-developed countries create or expand extension systems, cooperative and farm

credit associations, agricultural training schools, marketing outlets and rural transport systems. The major costs involved are nearly all local costs, but AID can provide important technical assistance, some capital help, and general support through local currencies generated through Food for Peace sales.

Increased assistance in this field will involve a substantial increase in the number of AID-financed technicians serving abroad in agricultural development. The Agency will seek the added technicians primarily through contracts with American land grant universities and colleges, cooperative and farm marketing associations, and by reimbursed cost agreements with other federal agencies such as the Department of Agriculture. By contracting with these other institutions, AID expects not only to get the best qualified experts for each job but also to make full use of the experience of the universities, the cooperative and farm associations, and other specialized federal agencies in planning and organizing the job to be done.

Research Programs: American agricultural abundance is based in large part on the improved seeds, fertilizer, pesticides, and production methods made available through basic and applied research carried on by the Department of Agriculture, the land grant universities, and private industries in the United States. Our farmers can plant, grow, and harvest their crops with confidence born of having dependable and authoritative guidance to avoid almost every hazard to production that can be controlled by man.

Experience has shown, however, that American farm methods do not necessarily work in the rice bowl of Asia or in the tropical and sub-tropical lands of Latin America and Africa. But methods that do work can plainly be developed if the research capability of the less-developed countries themselves is improved.

In fiscal year 1967, AID will expand its cooperative efforts to improve the effectiveness of agricultural research centers in the less-developed countries. In particular, the Agency will increase its support through the land grant universities and the Department of Agriculture, to strengthen their participation in the development of agricultural research in Asia, Africa, and Latin America. Support will also be channeled through such regional and international centers as the International Rice Research Institute in the Philippines.

Water Resources: The expansion of water resources for food production will require sizable AID capital as well as technical assistance. AID is now providing assistance for 50 water projects in Africa, Asia, and Latin America which will open new land for cropping through irrigation or permit multiple-cropping.

Based on current agricultural technology, little can be done to expand grain supplies by bringing virgin land under the plow in the less-developed countries. Except for a few tracts like the eastern slope of the Andes in Latin America, there is relatively little virgin land left to exploit.

But development of water resources can bring new acreage into production, and may permit growing three crops on land that now grows only one. AID projects are helping to irrigate more than a million acres in India, half a million each in Pakistan and Korea, and 100,000 or more in Tunisia, in Ecuador, in Morocco, in Taiwan, and in Afghanistan.

AID has helped bring water to parched land by financing American steel, cement, machinery, and engineering services for large dam-reservoir systems; by supplying American pumps and piping for tube wells; developing terrace and catchment systems for rainwater on riverless plateaus; and by providing simple, low-lift pumps for delta soils

too light to sponge up water lying just a few feet below ground level.

The developing countries need agricultural water more—and know less about the potentials of their water resources—than any other part of the world. AID has helped 14 countries undertake the first surveys of their own resources, and the mapping and exploration of new resources will be a key part of future AID-assisted water development programs.

Fertilizer Use and Production: A million dollars worth of wheat shipped to a food-deficit country will feed 70,000 people for a year. But a million dollars worth of fertilizer, properly used, can grow enough wheat in the needy country itself to feed 200,000 people for a year.

A massive increase in the use of fertilizer is essential if the food-short countries are to produce enough from their own land. The provision of American fertilizer, and of plants to make it locally, will account for a major share of AID capital assistance in agricultural development.

It has been estimated that if the less-developed countries are to raise their own yields enough to meet their food demands, fertilizer use will have to be increased five times over the present level by 1975, a target that will require about 20 million nutrient tons a year.

American fertilizer exports, financed by AID loans, now provide much of the nutrients in use in the developing countries. For example, AID-financed American fertilizer shipments—and to a lesser degree the output of local plants built with AID assistance—constituted all of the fertilizer used in Laos and Korea in 1965, nearly 50 percent of Taiwan's, and 15 percent of India's.

AID expects to use roughly a third of its agricultural assistance funds in fiscal year 1967 to finance fertilizer exports to the less-developed countries and the American equipment and engineering skill to build plant capacity in the countries themselves.

Local currency generated under the Food for Peace program can be invested in country agricultural development—paying local labor to build farm-to-market roads, providing basic capital for farm credit programs or loans to encourage the growth of small rural industries. To cite only one example, 48 Cooley Loans to American subsidiaries in 15 developing countries have provided \$48 million of local currency for new food producing and processing industries.

Under the Food for Peace Programs, food can be used as part wages or incentive in rural development programs operated by American voluntary relief agencies. Food aid will continue to play an important role in disaster relief, and in child-feeding programs.

The United States cannot, however, regard food aid as a substitute for a more rapid increase in the developing countries' own food output. In recommending that food aid be included as part of any country assistance program, AID will take into account the country's efforts to help itself. In the negotiation of food aid agreements greater emphasis will be given to each country's commitment to rapid agricultural progress.

In this way, the Food for Peace Program can make a more effective contribution to the war on hunger. AID will work closely with the U.S. Department of Agriculture to ensure that the availability of food supplies from the United States helps to encourage rather than delay the massive mobilization for farm progress clearly required in Asia, Africa and Latin America today.

Fortunately, private investors appear willing to undertake much of the investment needed to build the required production capacity in the developing countries. AID currently has before it applications for guaranties covering \$200 million in planned American private investment in fertilizer production overseas. In 1965 AID guaran-

teed about \$12 million in fertilizer plant investments in Korea, India and Nicaragua.

Improved food quality

The food shortage in the less-developed world is a problem of quality as well as quantity. A simple rise in the quantity of traditional starchy diets may assuage hunger—but it will not necessarily improve health. Dependence on increased meat consumption to provide added proteins will either delay improvement or aggravate existing shortages, since it is twice as costly to produce an ounce of animal protein as an ounce of cereal protein.

In its technical assistance programs, AID will emphasize the introduction of new crops for a more varied diet. Technical assistance will be made available to help local food processing industries develop methods for using proteins in domestic oil-seed crops and other sources that should be exploited.

A number of large American food processors are experimenting with inexpensive, protein-rich cereal products that could be popularized in the less-developed countries. As in the case of fertilizer production investment, AID will continue to give priority consideration to guaranty coverage for private American investment in food processing improvements overseas. AID guaranties for food processing, farm machinery, and other food related investment amounted to \$22 million in 1965.

Nor is the land the only source of proteins.

With AID assistance, thriving commercial fisheries have been developed to begin exploiting the off-shore wealth of India, Pakistan, Korea, the Somali Republic, and Nigeria, to name just a few countries. AID-assisted extension services are also showing farmers how to harvest fish from their own village ponds. With help from AID technicians and their own extension agents, villagers in East Pakistan have netted a ton of fish from each pond that produced as little as 70 pounds three years earlier.

The food-for-peace program

As the United States places the main emphasis in its aid program on helping other countries increase their own food production, increased food aid shipments may be required to fill the food gap while local output is being expanded.

However, direct food aid under the Food for Peace Program and the proposed Food for Freedom Act will be closely integrated with other U.S. assistance to insure that the less-developed countries do more to raise their own food themselves.

The President has sent to the Congress a special food aid message, calling for new and improved arrangements for using U.S. agricultural resources.

The Food for Freedom Act, proposed successor to Public Law 480 (Food for Peace), will retain the best provisions of the current legislation and will:

Make self-help an integral part of our food aid program;

Eliminate the "surplus" requirement for food aid;

Emphasize the development of markets for American farm products;

Authorize greater food aid shipments than the current rate;

Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of five years;

Continue to finance the food aid program under the Commodity Credit Corporation (CCC);

Increase emphasis on combating malnutrition (the Act will authorize the CCC to finance the enrichment of foods);

Continue to involve voluntary agencies in people-to-people assistance programs; and

Provide for better coordination of food aid with other economic assistance.

HEALTH

Good health is visible evidence of economic and social progress in any country. AID plans substantial increases in its contributions to the public health programs of the less-developed countries with four long-range objectives in mind:

The eradication and control of killing and debilitating diseases that sap the human resources of these countries;

The progressive elimination of malnutrition among mothers and children;

Participation in world-wide efforts to reduce the pressures of relentless population growth; and

Development of training and research facilities in the developing nations to provide the manpower to run their health programs.

In fiscal year 1965, health programs drew \$66 million in assistance from AID. In the current fiscal year and fiscal year 1967, the requirements are expected to increase to \$91 million and then to \$154 million. In addition, \$24 million of the U.S. voluntary contributions to the United Nations Children's Fund, World Health Organization, the Pan-American Health Organization, the UN Relief and Works Agency for Palestine Refugees and the UN Development Program will be devoted to health activities.

Disease control and eradication

The United States has been battling communicable diseases around the world on an intensified scale since World War II, contributing millions of dollars in technical assistance to cooperative eradication campaigns by individual governments and international organizations. AID is now stepping up the time schedule in this continuing campaign by setting target dates for the total elimination or permanent control of some of the world's most widespread killing and crippling diseases. AID plans to spend \$79 million in fiscal year 1967 for these purposes, compared to \$36 million in fiscal year 1966.

Malaria

AID's target is to eradicate malaria within ten years in Ethiopia, Jordan, Pakistan, India, Nepal, Thailand, the Philippines, and Latin America. In fiscal year 1967, it expects to spend \$28 million to carry out malaria eradication programs in 17 countries.

Hundreds of millions of persons have been rescued from the debilitating effects of malaria since the end of the second world war. In slightly more than 20 years, the annual incidence of new cases has been cut back from 350 million to less than 100 million. Of 1.6 billion people who lived in malarious areas before the post-war eradication campaigns began, 500 million have been freed from the dangers of transmission, and nearly 400 million more are coming under the protection of eradication programs.

The wide ranging war on malaria is releasing long wasted reserves of manpower and land to the broader war on poverty. In Nepal, Nicaragua, and Ecuador, agricultural resettlement programs are now possible in tropical regions heretofore considered uninhabitable. People have returned to the Santo Domingo-Quevado region of Ecuador, where malaria-carrying mosquitos had driven away practically the entire indigenous population. The region is now producing some of the richest crops in the country. And productivity is increasing in other ways: in the Philippines, a highway contractor was able to reduce his labor costs by \$200,000 when he discovered that with malaria eliminated, two men could do the same work that used to require three.

Though the world-wide malaria eradication program will probably continue to require bilateral and international assistance, success in each country depends on the determination and capacity of the country itself to organize and implement the campaigns. This requires efficient local leadership and administration as well as the ad-

visers and commodities supplied from abroad.

Measles and smallpox

AID's first target is to eliminate the threat of measles and smallpox in 19 countries comprising the western flank of Africa. It hopes to control measles by 1971 and eradicate smallpox by 1975.

While smallpox has already been eliminated from many of the world's land masses, there remains a high cost in quarantine measures against its reintroduction. The United States alone spends \$15 to \$20 million annually to keep smallpox out. In sub-Saharan Africa, the disease still kills 25 percent of those stricken, adults and children alike, and takes a tragic toll in blindness and disfigurement among those who survive. Even mortality rates from measles in West Africa run as high as 20 percent and also leave many surviving children blind or deaf for life.

The African campaign against measles was initiated two years ago following the spectacular success of an AID-assisted experimental campaign in which 730,000 children were immunized in Upper Volta. Public health workers are now being armed with automatic hypodermic-injector guns utilizing newly developed live virus vaccines which probably confer lifelong protection. All 19 governments sought—and will receive—AID assistance. During the next five years, 32 million children will be immunized.

The smallpox program is being carried out by AID in cooperation with the U.S. Public Health Service and the World Health Organization, which is enlisting help from many nations in a global campaign to continue for ten years. AID will assist in vaccinating over 80 million people.

Other diseases

Cholera: This dread disease still constitutes a major menace to the health of those who inhabit the countries of Southeast Asia. AID has been actively supporting efforts to find an effective vaccine. In four years, it has provided \$1.3 million to research and training programs at the SEATO Cholera Research Center in East Pakistan. It proposes to contribute another \$500,000 in fiscal year 1967.

Schistosomiasis (snail fever), hookworm, trypanosomiasis (sleeping sickness): The highly debilitating effects of these widespread parasitic diseases are to be studied in an effort to set up an effective control program. Both schistosomiasis and trypanosomiasis limit the utilization of land in countries where they prevail, seriously impeding economic development.

Rabies and Foot and Mouth Disease: These animal diseases still play havoc with human health, as well as agricultural development in the Western Hemisphere. In fiscal year 1967, AID plans to provide support to the Pan American Health Organization (PAHO) for the development of vaccines against both. It will also support programs aimed at curbing the spread of hoof and mouth disease among cattle in selected countries.

Diarrheal Disease: Enteric diseases caused by poor sanitation and polluted water supplies represent by far the biggest health problem facing developing nations around the world. From capital cities with elaborate underground supply systems to far off villages which draw their water from a single well or stream, there is a growing demand for technical and financial assistance to install safe systems of water supply. AID loans are going principally to cities installing or improving their own water distribution and sewerage systems. Saigon in Vietnam; Rangoon in Burma; Karachi, Pakistan; Monrovia, Liberia; Ibadan, Nigeria; Khartoum, Sudan; Dar-es-Salaam, Tanzania; Tunis, Tunisia; Fort Archambault in Chad; Nairobi in Kenya; Taiz in Yemen; San Jose, Costa Rica; Panama City, Panama; Bogota, Colombia; Rio

de Janeiro and Sao Paulo in Brazil; and Lima, Peru.

In rural areas, where technical know-how is most important, villagers are being trained in elementary methods of construction and maintenance. The villagers provide the manual labor and building materials in return for technical guidance in drilling the wells and installing the pumps.

The new installations in Taiz, the capital of Yemen, provide an interesting example of the health benefits which safe supplies of water are bringing to rural and urban populations alike. Taiz is a curious blend of village traditions and urban aspirations. For well over 1,000 years it had been drawing its entire water supply from masonry channels running in from the mountains. The total daily intake usually amounted to less than four gallons per capita. AID installed a modern urban system, raising intake to 40 gallons a day for every resident. As a result of this success, other towns and villages throughout Yemen are now contributing their own funds, materials, and labor to construct similar water systems.

In Latin American countries participating in the Alliance for Progress, assistance in constructing water and sewerage systems is tied to reforms in municipal administration, and most communities are also meeting one-third of the cost of construction. More than 100 cities are now preparing requests for loans in Brazil alone. They will draw the credits from a national revolving loan fund established by AID.

Combating malnutrition

In a special report to Congress in 1965, President Johnson committed the agricultural and technological resources of this country to a world-wide war on malnutrition. He referred to tragic evidence that vitamin and protein deficiencies are robbing many countries throughout the world of the productive capacities of their people.

Malnutrition takes its worst toll in the first five years of human growth, blunting the physical development of pre-school children, and very often retarding their mental growth as well. In countries where food shortages are both chronic and widespread, this irreversible process affects up to 50 percent of the infant population.

AID missions around the world are now beginning to explore ways of getting the necessary enriched food supplements to these pre-school children. AID has contracted with several American universities to train American and foreign professionals and technicians in nutritional health and to prepare handbooks for use in the campaign.

It is not an easy assignment. While the suckling infant is nourished by its mother and the school child can benefit from a school lunch program, facilities do not exist in most countries for reaching the pre-school toddler. Experimental programs carried out by private groups or government agencies in the past have not been coordinated, scientifically planned, or organized to this end. Developing nations must be willing to devote their own energies and facilities to this problem.

The program requires education for physicians, health workers, and mothers. It calls for social services to reach families in their homes and through child care centers. Local customs and eating habits must be known, so that the texture, taste, and composition of the enriched foods will be attractive to the consumers. The right foods must be grown to supply the required nutrients. While children in one region may be suffering from a vitamin A deficiency, those in another section of the same country may require animal proteins instead. New or improved high protein commercial products must be developed which can be marketed commercially, yet remain within the price range of those who need them most.

AID is now beginning the first pilot projects in Brazil, Peru, Colombia, Central America, Morocco, Turkey, Thailand, and Korea. The plan is to blend, fortify, and enrich basic food commodities—starting with supplies from the Food for Peace Program—with locally grown proteins, vitamins, and minerals. Within five years, AID hopes to have projects underway in at least 25 of the 50 countries that need such help.

Preliminary costs of this new research and training program are expected to rise to \$10 million in fiscal year 1967, from \$4.5 million in fiscal year 1966. The investment will increase substantially as the pilot projects move progressively toward the goal of reaching 150 million children by the end of 1971.

Dealing with population problems

The United States Government shares the serious worldwide concern over the social and economic implications of rapid population growth rates in many countries.

Considerable AID technical assistance has already gone to improving maternal and child health, to demographic studies and surveys, census refinement, and research into population problems in the developing countries. Since President Johnson determined, early in 1965, to "seek new ways to use our knowledge to help deal with the explosion of world population and the growing scarcity of world resources," AID has begun to respond to requests from governments for direct assistance to family planning programs:

South Korea and the Republic of China on Taiwan are already drawing local currency funds to support health and family planning clinics.

Turkey is seeking a loan to purchase transport vehicles for family planning workers and their educational materials, in addition to continuing the services of a demographer.

Honduras seeks training, education materials, and help with the cost of establishing family planning services in rural health centers.

From Pakistan and Tunisia have come requests for a wide range of technical assistance, transport vehicles, education aids, and training in support of family planning programs. India is discussing similar assistance with AID officials.

To get AID's help, the developing nation must have its own family planning program. That program must allow freedom of choice to each family. AID will not provide contraceptives or equipment for their manufacture.

To evaluate the requests, individuals in every AID mission were designated to be responsible for population matters. The Population Branch of the Technical Cooperation Staff and the Population Division in AID's Latin American bureau follow program developments and work with international organizations, American public and private groups, universities, and other institutions engaged in population work.

Research and training programs

AID supports research and training programs at the following universities and institutions:

University of Pittsburgh—developing an economic model for estimating costs of family planning programs;

University of Notre Dame—studies on changes in traditional family patterns due to modernization and urbanization;

Bureau of the Census—population projections in selected countries;

Population Council—fertility studies and surveys;

Columbia Institute for Social Development—audiovisual techniques for public education programs;

International Federation of Institutes for Social and Socio-Religious Research—Latin American population studies.

AID has also signed contracts with the University of North Carolina and Johns Hopkins to develop training programs in family planning for doctors and public health workers. Related programs are being developed for nurses and midwives in the Children's Bureau; for statisticians in the National Center for Health Statistics; and for census and survey specialists in the Census Bureau. The Pan American Health Organization gets AID's help to establish and improve demographic training in Latin American medical and public health schools. So do the Latin American Center for Demography and Statistical Studies in Chile, the National Center for Studies of Population and Development in Peru, and the General American Demographic Studies Unit in Guatemala.

AID's investment to date: \$2 million in fiscal year 1965, \$5.5 million in fiscal year 1966, with prospects of expanding assistance levels to \$10 million in fiscal year 1967. That figure can reasonably be expected to double again in the years immediately thereafter.

AID recognizes the growing seriousness of the imbalance between food and people. The problems impede social and economic development, threaten the health and well-being of many, and will jeopardize man's long search for peace. But these problems are not solved quickly or easily.

More research is required on the relationship between population growth and economic development, on changes in traditional family patterns, and on methods of evaluating the effectiveness of family planning programs.

Training facilities must be expanded here and abroad.

Finally, AID will need to put more advisors in the field to meet a rapid increase in requests for assistance to national family planning programs.

Meeting the manpower needs of national health programs

In every country where AID is engaged in raising health standards, local people are being trained to take over the job. There is a tremendous world-wide shortage of people with the required skills, not only doctors but nurses, sanitarians, laboratory technicians, public health workers, health educators, hospital administrators, and paramedics.

To meet these requirements, AID administers grants to overseas medical and health training institutions, assisting both individuals and the institutions themselves.

In Lebanon and Vietnam, universities receive support to expand teaching and laboratory facilities. A medical school and nursing schools in Pakistan have received advice, equipment, and local currency. In other countries, including Thailand and Iran, medical teams from American universities are helping to set up regional medical centers in outlying regions.

All of these institutions draw upon the wide range of health services AID offers to developing countries: exchange fellowships, consulting and advisory services, technical equipment, and local currency support. The costs of these and other health training programs have increased from about \$5 million each in fiscal years 1965 and 1966, to an estimated \$14 million in fiscal year 1967.

Rural health programs

In many countries, AID is providing extensive assistance to improve the quality of rural health services.

In Thailand, for instance, a wide range of preventive and curative health services are being established this year through an integrated network of health centers, midwifery centers, public health laboratories, and regional tuberculosis control centers. In Vietnam, some 250 American doctors and medical technicians are at work and 4,200 new health subcenters have been added in provincial districts and hamlets.

EDUCATION

Education is the foundation for development. Progress in the developing countries of Asia, Africa, and Latin America depends on a rapid increase in the number of trained, educated people who can run effective governments, operate public health systems, credit unions, cooperatives and businesses, and use modern farm methods to raise more from the land.

Education is a key to social change: the peasant who learns to read and to calculate is in a position to question the traditional authority of the village headman or local official for the first time. For rural villagers, and for millions in the remote districts of every developing country, a local school is the door through which their children, too, can enter the country's colleges and universities and share in the new opportunities of a growing nation.

Education is also an end in itself: it is demeaning for millions to live in ignorance, unable to write their own names. In country after country, a major goal of economic growth is an increase in national wealth sufficient to finance schools for every child.

Since the beginning of U.S. assistance in Asia, Africa, and Latin America, aid to education has been a major field of technical assistance and has accounted for the largest share of AID-financed technicians at work overseas.

In fiscal year 1965, for example, one of every five AID-financed experts overseas was working in the field of education—both in the development of basic education systems in aided countries and on the development of specialized education to train more doctors, nurses and health workers, farm experts, engineers, public administrators, managers, skilled technicians, and the like.

Contracts with American universities

Four of every five AID-financed educators at work overseas today are staff members from American colleges and universities with whom the Agency contracts for technical assistance.

Through some \$185 million in contracts with AID 126 American colleges and universities participate in technical assistance programs including the training of foreign participants in the United States. Teams from 71 of these universities are at work overseas on AID-financed technical assistance missions in 38 countries.

The cumulative impact of AID educational assistance can be shown in several ways:

Since the beginning of the Point IV program in 1949, 94,000 foreign technicians and professionals have been brought to the United States for advanced education or training, and another 19,000 have been trained in third countries under U.S. programs. (In fiscal year 1965, there were some 8,500 foreign trainees in the United States, and 1,900 in third countries, under AID auspices.)

More than 670,000 teachers have been graduated from colleges and schools established with AID assistance. These graduates today provide 70 percent of the teachers in Ethiopia, about 40 percent of Vietnam's, 28 percent of Korea's, 45 percent of Iran's, 34 percent of Costa Rica's, and nearly 33 percent of the teachers in Turkey.

During the past five years, 237,000 classrooms were constructed with AID help, including local currency for labor costs.

In fiscal year 1966, there were more than 675,000 students in colleges and universities established in the less-developed countries with AID assistance, and another 670,000 in AID-assisted vocational, technical, and normal schools.

Much of the impact of U.S. educational assistance does not lend itself to statistics—for example, the work of AID-financed American educators in helping other countries modernize educational systems, improve cur-

ricula, and relate what schools are teaching more closely to each country's requirements for trained manpower and economic growth.

Proposed increases in AID's educational programs

In fiscal year 1967, AID proposes a sharp increase in its educational assistance programs. In the new African countries, a rapid increase in the basic supply of trained manpower remains a clear priority. In Latin America, the Near East and South Asia, and the Far East, an expanded educational effort is required to speed the pace of development. In Southeast Asia, more schools in the villages and the training of able leadership for nation-building are central to every hope for stability.

In fiscal year 1965, AID committed \$88 million for educational assistance. AID expects to provide about the same amount during the current fiscal year. In fiscal year 1967, however, the Agency proposes a \$155 million program of education assistance—an increase of nearly 50 percent over current levels. In addition, some \$21 million will be allocated as contributions under the Foreign Assistance Act to the UN Relief and Works Agency for Palestine Refugees and the UN Development Program for education projects.

Although earlier AID projects in education covered a wide variety of education problems, more recent programs are concentrated on education planning and its relationship to national manpower requirements, on overcoming the most critical education and training bottlenecks, particularly the preparation of teachers and textbooks, and on the expansion of education for health and agriculture personnel. These last two fields of specialized education will account for an additional \$60 million in fiscal year 1967 for AID programs in food and agriculture, and in health.

Educational planning assistance

AID emphasis on providing more help in planning national educational programs is a direct result of the dilemma faced by nearly every less-developed country in Asia, Africa, and Latin America. Most of their citizens still cannot read or write. Literacy averages about 60 percent in Latin America and the Far East, but just 25 percent in the Near East and South Asia, and only 16 percent in Africa.

The need for a drastic expansion in opportunities for basic, general education is urgent if the citizens of new nations are to participate effectively in either development progress or self-government. But there is an equally urgent need for more people with the advanced technical and professional skills needed to lead the struggle for a more productive, modern society.

Both needs require substantial educational investments. Both needs cannot be met fully, at once. Neither can be neglected. Without the specialists required for development, there is little hope that a country can afford the cost of education for all. But without an expansion of basic educational opportunity, whole groups and regions are effectively barred from participation in national progress.

Choices must be made, and a balance struck between the claims for each country's education budget and its supply of educational manpower. Educational planning begins with this dilemma and with the difficult questions that flow from it: how fast must teachers be trained to staff a given rate of primary and secondary school expansion? How many agronomists, veterinarians, midwives, engineers, managers, accountants, and the like will be required to maintain progress five, ten, fifteen years in the future? At what rate must primary and secondary education expand to feed an expansion in advanced specialized education? Where must schools be placed to distribute

opportunity fairly among the different regions and groups in new countries struggling towards national unity?

Educational choices made today in the less-developed countries will determine in large part their character as self-governing nations tomorrow. With AID support, the experience of America's educational community is being made available to help other countries plan wisely for the future.

In Nigeria, AID is supporting an evaluation by Education and World Affairs of the scope and priority of education programs. A similar study is planned for Ethiopia in fiscal year 1967. In Thailand, a three-party contract among AID, Michigan State University, and the Thai National Economic Development Board provides for education planning assistance to the Ministry of Education.

With the assistance of the Council on Higher Education in the American Republics, AID has made a survey of educational planning facilities in Chile, Peru, and Guatemala. During the past four years AID has made it possible for over 100 Latin Americans connected with planning for educational development to attend seminars on this subject under the auspices of the UN Economic Commission for Latin America.

The prospect of joint planning for Southeast Asia regional education programs was opened at a November 1965 meeting of Southeast Asian Education and Planning Ministers convened by the Government of Thailand. U.S. Presidential Adviser Eugene Black represented the United States at the meeting. AID funds are proposed for regional education activities in Southeast Asia in fiscal year 1967, as well as for a comprehensive educational development scheme for Laos.

Training educational manpower

A critical bottleneck in expanding educational opportunity is a shortage of teachers and of institutions to train them in the developing countries. AID will expand its assistance to teacher-training institutions and explore new ways to "stretch" existing teacher supplies through in-service training, television, radio, and other new teaching techniques during fiscal year 1967.

In fiscal year 1966, more than 210,000 students are enrolled in normal schools and teachers colleges established with AID assistance in 37 Asian, African, and Latin American countries.

In Nigeria, funds will be needed in fiscal year 1967 to continue the programs of 11 American universities working to improve teacher education and other vocational aspects of higher education. These AID-financed American university teams are assisting 148 Nigerian educational institutions including four of the country's five universities, three of its advanced teacher training colleges, and 50 colleges training elementary school teachers.

Internships for college administrators

Through a contract with the American Association of Colleges for Teacher Education, AID is conducting a special program of internships in the administration of teacher training colleges. The program provides for an exchange of presidents of American colleges with the presidents of colleges in the Philippines, Thailand, Nigeria, and Kenya, and it helps to develop school-to-school relationships. It will be extended in fiscal year 1967.

AID-financed educational programs also train the staff for new centers of excellence in higher education in the less-developed countries. In India, for example, the Indian Institute of Technology is being established as the dynamic center of national scientific training and research with the help of an AID-financed consortium of nine American universities—the California, Carnegie, Case, and Massachusetts Institutes of Technology, Ohio State, Princeton, and Purdue Universities, and the Universities of Cali-

California and Michigan. Scientists from the American universities are teaching at the new Indian institution, while their Indian counterparts and successors complete advanced study in the United States.

Even with a massive attack on the teacher shortage, it will be years in many less-developed countries before there are enough to staff primary and secondary schools in every village. On the basis of trials in Nigeria and in Colombia, it appears that television can be a valuable tool to bring education to remote villages and understaffed urban classrooms while additional teachers are being trained.

In Colombia, more than 400,000 children in 1,000 schools are receiving a better education through an educational television network that now covers 80 percent of the country's most densely-populated areas. The network means hundreds of schools now have the advantage of special subject teachers, and of audio-visual teaching materials that would not otherwise be available. AID, the Peace Corps, and the Colombian Ministry of Education are cooperating on the program.

In Nigeria, AID-financed educational television professionals (from the Board of Education of Washington County, Maryland (recognized pioneers in the United States)) are helping to improve and expand radio and television instruction, establish permanent broadcast sections in the department of education, and develop pilot lesson materials in science, English, and mathematics.

Over 50 of the developing nations now have one or more television transmitters but in many of the countries educational program material is lacking. AID is reviewing the possibilities of adapting American material and has contracted with the International Institute for Educational Planning to study the cost, probable results, and other factors in using this material in the less-developed countries.

Improving the quality of education

In addition to teacher training, AID will also expand emphasis on improving the quality of instruction through in-service training, development of improved curricula, and support for better, and more, teaching materials.

Primary reliance in providing this assistance will be placed on expertise of American universities and educational institutions working under contract with AID.

During the past five years, AID has helped provide in-service training for more than 160,000 teachers in Latin America, almost 82,000 in the Near East and South Asia, nearly 24,000 in the Far East, and 33,000 in Africa. Much of the in-service training was provided—and will continue to be provided—by American university teams at work overseas on contract with the Agency.

In-service training is particularly important in school systems which are attempting not only a rapid expansion, but a radical change from traditional "rote" teaching methods to methods that stress creative thinking and learning by doing.

The participation of American educators

Two recent experiments have shown how an even larger cross-section of the American educational community than is now represented by AID contractors can be involved in the improvement of teaching in the less-developed countries.

The first began in India three years ago, when four American educators were brought there during their summer vacation to introduce key faculty of Indian colleges and secondary schools to modern methods of teaching mathematics and science. The experiment was so successful that in 1965 AID brought 200 American educators to India to conduct six-week "summer science institutes" at 94 locations, with 3,500 Indian

teachers participating. The scheme will be expanded in India and in other countries.

The second experiment is the "Teach Corps," operating in Africa and Latin America and conducted for AID by the Committee on International Relations of the National Education Association. Under this program, 47 skilled American elementary and secondary teachers conducted summer workshops for 1,280 teachers in five developing countries. The program, designed to improve the quality of instruction by existing teachers, will be expanded in Latin America and throughout English-speaking Africa.

In many countries, a shortage of teaching materials—beginning with texts—is a serious bottleneck. AID has provided experts to help train local education personnel to write and publish basic handbooks and lesson materials in their own language, and has helped establish regional centers to translate and help publish and distribute textbooks.

In the Philippines, AID financed the import of \$4.2 million in paper so that local publishing and printing industries could meet 80 percent of the country's textbook shortage. To date, 27 million elementary and secondary school texts have been made available through the program. In Central America, more than eight million school textbooks have been published for use in the schools. An AID loan to Ecuador will provide nearly two million books for elementary school children, while counterpart funds in Brazil will be used in that country's effort to provide free textbooks for all children.

In Africa, AID financed a joint project under which African and American educators have developed a new series of texts in mathematics and science which include basic material on health, nutrition, and sanitation as it relates to the countries in which the students themselves live. Texts produced in this program are now in use on an experimental basis in Liberia, Ghana, Nigeria, Sierra Leone, Kenya, Ethiopia, Tanzania, Zambia, Uganda, and Malawi.

A special problem in the educational systems of many developing countries is the need to improve the teaching of English—in some cases because this is the *lingua franca* in a nation with many local languages, and in every case because it is a major language of international communication.

Through a contract with English Language Services, Inc., AID has developed a self-teaching program that includes workbooks, films, soundtape, language master cards, and the like and is designed to cut the time needed to train English language teachers from two years or more to about four months.

After complete testing at several regional centers, the system will be made available for general use.

U.S. higher education for foreign students

The steady expansion, through U.S. assistance, of excellent centers of higher education in the Far East and the Near East and South Asia has reduced somewhat the need to bring students from these areas to the United States even for advanced work, except for highly specialized fields.

For example, the Graduate School of Public Administration of Thammasat University in Thailand, established with help from the University of Indiana on contract with AID, is now available not only to Thai students, but for students from nearby countries.

Grants to the American University of Beirut (AUB) under AID's program for American Schools and Hospitals Abroad, have helped AUB expand as the outstanding educational center in the Middle East and to become a major training center for African leaders as well. As part of its own technical assistance programs, AID now sends about 600 students from other African and

Middle Eastern countries to AUB for advanced or specialized education.

Elsewhere, however, AID is increasing its support for cooperative programs to bring students to U.S. universities for study. The Latin American Scholarship Program will make it possible for students to receive university training in the United States and return to their home countries as faculty members in the basic studies programs of local universities.

The Latin American universities pay the costs of student travel and English language training, the cooperating American universities provide scholarships, and AID provides student maintenance costs. The first 150 students under the program will reach the United States in April or May for preliminary English language training.

Under the first such program of its kind—the U.S. African Scholarship Program of American Universities—1,200 African students have been brought to American universities for undergraduate education. Another 100 have been brought here for graduate study. As the capacity of African universities increases, the undergraduate component of this program will decrease. AID assistance to higher education in Africa itself includes a regional program to provide scholarships in selected African universities for students from other African countries.

Programs for youth leaders

Because students from the developing countries frequently return to positions of unusual responsibility for their age and bear a unique leadership role in the development of their own country, AID has begun a series of specially designed courses and activities for youth leaders studying in this country.

These programs make it possible to provide summer leadership experience and practical training for selected students, as well as fellowships to promising and needy foreign students who are not here on government grants but could complete their academic work more rapidly and effectively with a minimum of additional support.

In fiscal year 1965, AID organized 18 summer institutes for some 600 foreign students, designed to increase their understanding of social and economic development and their practical ability to take community leadership on their return. At one eight-week institute, organized for AID by the University of Pittsburgh for 18 students, the mornings were devoted to seminars on communications, social change and leadership responsibilities, the afternoons to observation and practical training in local industry, business, community organizations and government. These programs will be continued in this coming summer.

Encouraging non-governmental educational assistance

Some of the most imaginative programs of educational assistance, particularly in the fields of literacy and rural development, are being carried out by private American groups and organizations at work in the less-developed countries.

Registered American voluntary agencies, working with their counterparts in the less-developed countries, are placing increased emphasis on community self-help programs designed to make villagers literate and teach them basic skills needed to establish rural industries—small shops to make simple farm tools, and other equipment; to produce such things as lumber, shoes, and cooking utensils.

To encourage this, AID makes available a wide variety of excess government equipment at minimum cost, including shipment to the country where it is needed. Equipment can include jeeps for transportation, machinery for vocational training schools, printing equipment for texts and pamphlets,

radio and television equipment for educational programs.

Food is available under the Food for Peace Program for use as an incentive or part wages in self-help school construction programs carried out under the leadership of private voluntary agencies.

In cooperation with the Peace Corps, voluntary agencies such as CARE, and citizen organizations in the less-developed countries, AID is encouraging "school-to-school" assistance, through which American PTA's and other private groups work directly with local communities overseas to help build new classrooms, and improve equipment and teaching materials.

Partners of the alliance program

"School-to-school" assistance to Latin America is channeled through the Partners of the Alliance program for which AID supplies staff services and a portion of the travel costs. These are examples of the cooperation that can be developed through direct school-to-school relationships:

15 public school district in Oregon are providing in-service training for Costa Rican public school administrators and teachers; during their Oregon training, the Costa Rican educators help the Oregon districts with language and social studies courses.

High school students in Texas and Virginia have collected funds to help equip Peruvian Indian village schools and supply vocational schools in Peru with school supplies, vocational training tools, cement mixers, and handtools for self-help school construction projects.

An important additional means of promoting educational development in several less-developed countries would be to use U.S. Government-owned currencies which are excess to the needs of the United States to establish bi-national education foundations. The foundations would be modeled on similar institutions in the United States and would draw upon the experience of their American counterparts. Through their programs of assistance to local education, the foundations would be uniquely equipped to stimulate new initiatives in educational techniques, stimulate private educational activities, and focus local attention on such critical areas as literacy and the education and training of local populations, particularly the training of farmers in agricultural techniques.

Self-help in educational development

As in every other field, the greatest effort in the development of educational resources must come from within the less-developed countries themselves. Even at the outset, most of the costs involved in an expanded educational system are local costs. Teachers' salaries are paid with local currency; labor, and most of the material for school construction, is available locally.

AID can provide an important margin of help—U.S. training for key educators, American educators to help with projects overseas, paper, school equipment, and other American goods that may not be available in the less-developed country itself.

The less-developed countries have been increasing their own budgets for education an average of 15 percent annually. They now spend about \$7 billion from their own resources for the education of their 1.3 billion people—compared with \$42 billion the United States spends for the formal education of 180 million people. Latin American countries together spent the equivalent of \$2 billion on education in 1965, while AID was devoting \$32 million to assist education in Latin America.

In most of the developing countries the resources of local communities can be better mobilized to build educational facilities themselves.

The results of AID pilot programs in Guatemala, Liberia, and a number of other

countries, and of private agency programs for community development in Latin America have shown that if villagers are organized and provided basic plans and a few materials—cement, hardware, metal roofing—they will build their own schools with their own labor to speed the day when an education is available to their children.

In Afghanistan, local communities constructed 140 classrooms through a self-help program, and in addition raised the local funds to pay teachers' salaries and purchase the initial school equipment.

From 1963 to 1965, Vietnam villagers constructed over 3,000 hamlet school classrooms with AID-supplied materials.

Mr. ZABLOCKI. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. FASCELL] having assumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 15750, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill H.R. 15750.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2950) entitled "An act to authorize appropriations during the fiscal year 1967 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces, and for other purposes."

CORRECTION OF RECORD

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to correct my remarks in the CONGRESSIONAL RECORD of June 22, 1966, in the following manner: In the first paragraph of column 3 on page A-3359 after the words "the northern district of Illinois", add "the Honorable Nicholas Katzenbach, U.S. Attorney General."

In the second column the 29th line from the bottom of page A-3368 insert the name "Robert J. Cronin, president, Knickerbacker Roofing Co., Chicago," between the names of the Honorable Edward Brooke and Dr. Charles Dewey.

In the third column, page A-3352 add the following names after the paragraph headed "the recipients of the Good American Award for 1965 were": The Honorable Edward J. Barrett, Cook

County Clerk; Mrs. Arnita Young Boswell, assistant social service professor at the University of Chicago; Harold E. Boysaw, area supervisor in the county's public aid office; the Reverend T. Emerson Brown, pastor, Progressive Baptist Church; Frank W. Chesrow, president of the Drexel National Bank; State Representative Corneal A. Davis, Democrat, of Chicago; Representative WILLIAM L. Dawson, Democrat, of Chicago; Miss Ruth Dunbar, reporter, Chicago Sun-Times; Miss Gladys Erickson, reporter, Chicago's American; Marty Faye, of WAAF Radio; Jack I. Fishbein, publisher of the Sentinel; Michael J. Formusa, secretary-treasurer of Local 738, International Brotherhood of Teamsters; Albon Langston Foster, director of the Cosmopolitan Chamber of Commerce; Phillip C. Goldstick, an attorney; Nissen N. Gross, midwest director of the civil rights division of the Anti-Defamation League of B'nai B'rith; Sister Mary Ann Ida, president of Mundelein College; Frank Igotka, Chicago manager of the Illinois State Employment Service; Nicholas Katzenbach, Attorney General of the United States; Frayser T. Lane, of the Chicago Urban League; Leonard Laser, partner in Laser & Co.; Herbert W. Lehmann, director of the Chicago schools' urban youth program; Herb Lyon, columnist, the Chicago Tribune; State Representative Robert E. Mann, Democrat, of 23d district.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO RECEIVE MESSAGES AND SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until tomorrow, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

"FEDERAL SUBSIDY OF COMMERCIAL BANKS MUST STOP," SAYS TEXAN

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, Mr. J. Hunter Young, executive vice president of Texarkana Federal Savings & Loan Association, Texarkana, Ark., writes me that "the home mortgage market has suffered a severe setback in our area due to the tight money policy of the Federal Reserve Board."

Texarkana, Tex., is my hometown, just across the street from Texarkana, Ark. It disturbs me greatly to know that my own constituents and millions of others—homebuilders and consumers, particularly—are suffering because of the selfish action of a few willful Wall Street bankers raising interest rates to historic

It was heartwarming for a former Air Force man to hear infantry men highly commend the good close air support they have been receiving even from high altitude flying B-52's which have been pinpointing targets close to our troops and doing it successfully, something unheard of in World War II.

I would say that the military aspect of the war is well in hand. The part of the conflict that is going to take some time is the securing of the villages after the enemy has been driven out. This is being accomplished through pacification units composed entirely of Vietnamese who are trained to come into a village and make it secure against counterinfiltration by the Vietcong. The recruiting and training of these units will take some time. It is difficult to say at this time how long it will be before all the villages will be secured. This war is essentially one of fighting against gangsters and we will not be assured of peace in Vietnam until we have a large enough police force to protect the villages and hamlets from the Vietcong and the North Vietnamese terrorism.

The political situation appears to be fairly stable at the present time. I would predict that the elections scheduled for September 11 will come off without being boycotted to any great extent by any group. The presence of our soldiers in Vietnam has boosted the morale of the people. There are no "Yankee Go Home" signs. They have at least realized that, unlike the French, we are not there to stay. We do not intend to colonize the Vietnamese and our presence there fighting for a cause along side their troops has given the people a spirit of nationalism which heretofore they never had.

Economically the country is making great progress under our AID programs. There is the danger of inflation which will have to be watched and against which necessary steps will have to be taken from time to time. The Vietnamese people are not materially well off, but nearly all of them are employed at some task or other and no one is starving.

It is difficult to make a prognosis. I would venture to say that within a year the situation would be such that any reasonable enemy leader would quit. It is difficult to tell just exactly what Ho Chi Minh will do. I am sure he realizes that he is losing, but whether or not this will force him to negotiate is highly speculative, probably doubtful. He has to save face as well as his head, and he undoubtedly will make an effort to hold on as long as possible. It does not appear that our actions, even if escalated, would bring in either Russia or Red China.

I would recommend that we continue to hit more military targets in North Vietnam and that we send more troops. In advocating that we send more troops I do not mean we are going to increase our losses. I make the recommendation only to make it easier on our fighting forces over there. At the present time we do have a great ratio of firepower to the enemy firepower, and due to our flexibility and mobility we are able to cope

with any situation; that is, we can move a battalion or regiment from one division to help another with very little difficulty. If we were to send more troops, such movements would be obviated and make the war considerably easier to conduct.

Let me conclude by saying that there is no question of Communist aggression from Peiping in southeast Asia, and that this aggression manifests itself in the form of well organized terrorism. The Communist plan being to begin at the remote villages and eventually move into the larger cities. There is no question in my mind that we have an obligation to stop this aggression, and it appears that our mission in this regard is presently meeting with great success.

Mr. McGRATH. Mr. Speaker, I was happy to hear the gentleman from Maine [Mr. HATHAWAY], comment on the use of our airpower in Vietnam. The gentleman from Maine served on active duty with the U.S. Army Air Force in World War II from 1942 to 1946. He entered the service as a private and was discharged as a captain. While serving as a navigator on a Liberator bomber he was shot down in an air attack on the Ploesti oilfields and finished World War II as a prisoner of war in a Rumanian prison-of-war camp. He was awarded the Air Medal and the Purple Heart.

TAX RELIEF FOR COMMUTERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. HALPERN], is recognized for 10 minutes.

Mr. HALPERN. Mr. Speaker, the recent increase in the New York City transit fare underscores the mounting cost, in terms of both money and ordinary comfort, exacted each day from millions of Americans who struggle valiantly, against enormous odds, to get to work. I speak of the plight of the dashing commuter.

New York's fare increase is the latest offshoot of the persistent neglect and paralysis afflicting urban mass transportation, and it is invariably the commuter who must pay the price in terms of higher fares and steadily deteriorating service.

I have consistently taken the floor here to explore this crisis in urban transportation. It is still with us, and it is getting worse. Fare increases are only one indication of a situation which threatens the welfare and well-being of the cities.

The House Banking and Currency Committee, on which I serve, recently approved a bill increasing authorizations under the Mass Transportation Act and providing for technological research grants for the development of new forms of commuter service. This measure should break new ground in attempting to modernize our means of public transport.

I shall continue to press for an amendment to the Mass Transportation Act which would correct the discriminatory State limitation on the amount of funds available to any one State. This now

stands at 12½ percent of the total authorization. It is obvious that such an allocation cannot possibly begin to meet the problems with which the Nation's major cities are faced. And yet it is precisely these sprawling metropolitan areas where conditions of public transport are most acute; the premise and validity of the legislation is indeed discolored by the very fact that these large cities are not receiving the proportionate attention to which they are entitled.

Today, I am introducing a bill to grant the commuter a yearly Federal income tax deduction for expenses incurred in traveling to and from work. Together with other perfecting legislation I am sponsoring, this new tax approach will help to offset the growing financial burden of commuters who depend upon mass transit as a necessity. The legislation provides a deduction of up to \$200 annually.

I believe the Congress should recognize, additionally, that transportation costs to and from work are in essence a legitimate business expense. I urge that this matter, and that the variety of other pending legislation on this question of mass transit, be given prompt and close attention in Congress.

CONCENTRATING FOREIGN ECONOMIC AID

(Mr. JACOBS (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. JACOBS. Mr. Speaker, we are concerned, as are all Americans, with the question of whether the money we spend for foreign aid is going where it will do the most good—for the people of developing countries and for our own.

The proposed foreign aid program for fiscal year 1967 calls for an intensified policy to direct most of our aid to the countries whose need is greatest, the countries which have clearly shown they will match our assistance with strong self-help efforts of their own.

Call it a policy of selectivity if you will, or good administration, or even a hard-boiled approach to foreign aid. But whatever the term, it makes good sense.

Before a country qualifies for assistance, AID takes a careful look at the type and purpose of the proposed development program, the availability of assistance to the country from other sources, the ability of the country to make effective use of U.S. aid, and above all, its determination to make maximum use of its own national resources to promote economic and social development.

Because of this realistic policy, the great bulk of the AID program next year as last will be directed to a relatively few countries—those where the need is greatest, or those that have proven, by outstanding self-help, that they can best use substantial U.S. aid.

More than 90 percent of AID's direct country assistance next year will go to just 20 major countries of Asia, Africa,

and Latin America. Eighty-four percent of all AID development loans will go to only eight—India, Brazil, Pakistan, Turkey, Colombia, Korea, Chile, and Nigeria. These countries are engaged in strong, self-help, development programs.

Ninety-three percent of AID's supporting assistance—which is used to further our urgent foreign policy or national security objectives—is slated for five countries: Vietnam, Laos, Korea, Jordan, and the Dominican Republic. Vietnam alone will account for 72 percent of this support.

This instead of a widely scattered approach as was true a few years ago, our foreign aid today is a purposeful program aimed at specific objectives.

Besides concentration of economic aid in a few selected countries, there are other encouraging new aspects of the aid program.

Ten years ago, about two-thirds of our aid was for military assistance, and much of our economic aid went to help threatened countries resist Communist pressures. Today, the situation is reversed. Two-thirds of our assistance is now economic, providing capital and technical assistance the developing countries need for long-term development and progress toward self-support.

And even where survival is still at issue, as in Vietnam, we are helping industrial and agricultural development go forward behind the defenses built up by our military assistance programs.

We are helping other nations of the free world guard their independence through military assistance, but at the same time we are making a concentrated and determined effort to build solid foundations for their future economic growth.

Those are two of the most significant changes in our foreign aid program—concentration on countries and concentration on their economic and social progress.

They are wise changes. They are promising changes. And they are two of the reasons why I believe that the foreign aid program we are now considering is the most practical and effective ever sent to us, and deserves our fullest support.

A BILL TO PROVIDE PAYMENT OF COMMERCIAL AIR TRAVEL EXPENSES FOR CERTAIN MEMBERS OF THE ARMED FORCES

(Mr. MULTER (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, we are fighting a war in Vietnam, and we are asking hundreds of thousands of our young men to travel many thousands of miles at their own expense in emergency situations or when they are coming home to convalesce from wounds received in battle.

It is my belief that one of the least things we can do for these men is to pay their commercial air transportation costs in these situations: emergency leave, convalescent leave, and leaves before go-

ing overseas or upon returning from overseas. I have therefore today introduced legislation to authorize the particular service Secretary concerned to pay such expenses pursuant to appropriate regulations.

I hope that the Armed Services Committee will take immediate action on my bill.

A PROPOSAL FOR IDENTICAL POWERS FOR COMMERCIAL BANKS AND MUTUAL SAVINGS INSTITUTIONS

(Mr. MULTER (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, Federal Reserve Governor James L. Robertson has recommended that Federal and State legislatures grant identical powers to both commercial and mutual savings banks subject to their jurisdiction.

The Council of Mutual Savings Institutions has endorsed Governor Robertson's proposal and has issued the following statement and resolution calling for the enactment of legislation to accomplish Governor Robertson's suggestions and urging that each type of institution be defined only as to its corporate structure.

The council's statement and resolution follows:

COUNCIL OF MUTUAL SAVINGS INSTITUTIONS SUPPORTS ROBERTSON PROPOSAL OF IDENTICAL POWERS FOR COMMERCIAL BANKS AND MUTUAL SAVINGS INSTITUTIONS

NEW YORK, N.Y.—Termination of the constant strife between the two types of financial institutions (commercial banks and mutual savings institutions) would result if the legislative bodies at the state and federal levels would grant identical powers to the commercial banks and the mutual savings institutions subject to their jurisdiction, as recommended by Vice Chairman James L. Robertson of the Federal Reserve Board in a recent address, according to a resolution adopted at a meeting of the board of directors of the Council of Mutual Savings Institutions held here during the past week and released yesterday by George L. Bliss, President of the Council.

"It must be recognized that the days are over when commercial banks largely limited their field of operation to demand deposits and their investments to short-term loans and highly marketable securities, while savings institutions and life insurance companies, whose deposits and policy reserves constituting long-term funds were the major source of mortgage and other long-term credits," said Bliss. "Although there may be some argument as to which group started it," he continued, "the fact is that it was the McFadden Act, passed by Congress in 1927, which first granted commercial banks at the federal level the authority to invest in mortgage loans. Since then, the commercial banks have been steadily increasing their volume of long-term credits. While at one time the commercial banks had little interest in savings accounts, and in some states were specifically prohibited from accepting them, the bars and inhibitions which held them back have been removed. This has led the mutual savings institutions to seek broader fields of service. The result has been a continuous hassle between the two groups, for the past couple of decades or

more, and which the legislative bodies have been "called on to referee."

In endorsing Governor Robertson's proposal, the resolution of the Council of Mutual Savings Institutions calls for commercial banks and mutual savings institutions to be "granted identical statutory authority with respect to the services they may provide," the only distinction to be as to the type of corporate structure. The Council's resolution provides that such institutions, "if organized on a privately-owned capital stock basis, shall be known as commercial banks; and, if organized on a mutual or cooperative basis, shall be known as savings institutions."

"The directors of our Council," Bliss said, "believe this course would be in the public interest, since the competitive element would relate to the type of organization, i.e., stock or mutual, and not as to the nature of the services available." He suggested that the bill to authorize federal chartering for mutual savings banks, now under study by the House Banking and Currency Committee and which the Council has endorsed, would be an appropriate legislative vehicle for the first step in such a program. "The directors of the Council of Mutual Savings Institutions," Bliss concluded, "urge the commercial banking groups to withdraw their opposition to this bill, including any expansion of services now included or that may be added, whereupon the mutual savings groups should suspend their opposition to legislation which would enlarge the services authorized to be provided by the commercial banks."

COUNCIL OF MUTUAL SAVINGS INSTITUTIONS

Whereas, for many years it was the traditional concept of sound banking operation in this country that commercial banks, as demand deposit institutions, should restrict the investment or lending of their funds to a short-term basis; and that deposits in savings institutions and policy reserves of insurance companies, which constitute long-term funds, in fact, should be the major source of long-term credits, and

Whereas, over a period of years the commercial banks have been steadily increasing their volume of long-term credits, which change in policy has been rationalized by aggressively seeking, and in numerous instances accomplishing, legislative amendments empowering them to accept savings deposits and to extend long-term credits in the mortgage loan and other fields, and

Whereas, this development has spurred the savings institutions, the great majority of which are chartered or organized on a mutual or cooperative basis, to act defensively by seeking an expansion of their powers into other fields of investment, and

Whereas, the public press has reported that the Honorable James L. Robertson, a member of the Board of Governors of the Federal Reserve System, in an address delivered at Peoria, Illinois, on May 17, 1966, proposed that "all depository institutions be permitted to become comprehensive lenders and borrowers, subject to uniform bank-style limitations on the exercise of their powers," now, therefore, be it

Resolved, That the Board of Directors of the Council of Mutual Savings Institutions does hereby endorse in principle the proposal thus advanced by Governor Robertson, to wit, that the commercial banks and the savings institutions be granted identical statutory authority with respect to the services they may provide, subject to the distinction that such institutions, if organized on a privately-owned capital stock basis, shall be known as commercial banks; and, if organized on a mutual or co-operative basis, shall be known as saving institutions, and be it further

Resolved, That the officers and appropriate committees of this Council be, and they are

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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HIGHLIGHTS: Senate debated agricultural appropriation bill and received supplemental budget request for cotton promotion program. House debated foreign aid authorization bill.

SENATE

1. APPROPRIATIONS. Began debate on H. R. 14596, the agricultural appropriation bill. Agreed to the committee amendments en bloc (but only for the purpose of considering the bill with the amendments as the original text) and an amendment by Sen. Holland to provide \$300,000 supplemental funds "to initiate work under the Cotton Research and Promotion Act of 1966" (pp. 14896-901). Sen. Holland's amendment was submitted pursuant to a supplemental estimate (S. Doc. 98) (p. 14824).

Sen. Proxmire expressed his appreciation to the committee for its support of the special milk program for schoolchildren but questioned the "adequacy of \$105 million to do the job." pp. 14827-8

2. WATER POLLUTION. Passed with amendments S. 2947, to authorize "a research and demonstration program into advanced waste treatment and water purification and joint municipal-industrial treatment facilities." pp. 14849-67, 14869-84, 14887-96
3. HISTORIC STRUCTURES. Sen. Tower commended S. 3097, to encourage and assist in the preservation and maintenance of historic structures, and at his request was added as a cosponsor. pp. 14826-7
4. FOREIGN AID. Sen. Mondale inserted numerous letters supporting his amendment to the foreign aid bill, "to strengthen our support of adaptive agricultural research in hungry nations." pp. 14831-2

HOUSE

5. FARM CREDIT. The Agriculture Committee reported with amendments S. 2822, to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder (H. Rept. 1695) p. 14822
6. FOREIGN AID. Continued debate on H. R. 15750, the foreign aid authorization bill. pp. 14714-87
7. PACIFIC ISLANDS. Rep. Taylor inserted a statement to the U. N. Trusteeship Council by the High Commissioner of the Trust Territory of the Pacific Islands including a discussion of agricultural projects in the islands. pp. 14813-8
8. OPINION POLL. Rep. McDade inserted the results of a questionnaire, including items of interest to this Department. p. 14795
9. RECLAMATION. Rep. Saylor inserted an engineers' report criticizing the proposed Marble Canyon and Bridge Canyon dams as "a poor use of federal money and an unnecessary desecration of the Grand Canyon." pp. 14797-8
10. TRUTH-IN-PACKAGING. Rep. Ashbrook commended and inserted an article opposing some provisions of the truth-in-packaging bill. p. 14798
11. INTERSTATE TAXATION. Rep. Pool spoke in favor of H. R. 11798, to provide a system for taxation of interstate commerce. p. 14810
12. LOANS. Rep. O'Neill, Mass., criticized an Economic Development Administration loan for a Maine sugarbeet factory as "a colossal waste of the taxpayer's money" (p. 14714). Rep. Hathaway defended this loan and the viability of the Maine sugarbeet industry (p. 14819).
13. HOUSING. The Banking and Currency Committee was granted permission to file a report and accompanying documents by midnight Fri., July 15, on H. R. 15890, the city demonstration program bill. p. 14787
14. HAWAII. Rep. Mink commended and inserted a speech outlining economic and commercial achievements and prospects for Hawaii. pp. 14811-2

One country after another has achieved rates of economic growth beyond the most optimistic hopes of a few years ago.

Indonesia has pulled back from the brink of Communism and economic collapse.

India and Pakistan—600 million strong—have ended a tragic conflict and returned to the immense work of peace.

Japan has become a dramatic example of economic progress through political and social freedom and has begun to help others.

Communist China's policy of aggression by proxy is failing.

Nine Pacific nations—allies and neutrals, white and colored—came together on their own initiative to form an Asian and Pacific Council.

New and constructive groupings for political and economic cooperation are under discussion in Southeast Asia.

The multibillion-dollar Asian Development Bank is moving forward in Manila with the participation of 31 nations.

And the development of the lower Mekong River basin is going forward despite the war.

THE ECHO OF PROGRESS

Throughout free Asia you can hear the echo of progress. As one Malaysian leader said:

"Whatever our ethical, cultural or religious background, the nations and peoples of Southeast Asia must pull together in the same broad sweep of history. We must create with our own hands and minds a new perspective and a new framework. And we must do it ourselves."

This is the new Asia that is taking shape behind our defense of South Vietnam. Because we have been firm—because we have committed ourselves to the defense of one small country—others have taken new heart.

We do not intend to let them down. Our word will be good.

IV

There is a fourth essential for peace in Asia which may seem the most difficult of all: reconciliation between nations that now call themselves enemies.

A peaceful mainland China is central to a peaceful Asia.

A hostile China must be discouraged from aggression. A misguided China must be encouraged toward understanding of the outside world and toward policies of peaceful cooperation.

For lasting peace can never come to Asia as long as the 700 million people of mainland China are isolated by their rulers from the outside world.

We have learned in our relations with other such states that the weakness of neighbors is a temptation and only firmness backed by power can deter power backed by ambition. But we have also learned that the greatest force for opening closed minds and closed societies is the free flow of ideas and people and goods.

For many years the United States has attempted in vain to persuade the Chinese Communists to agree to an exchange of newsmen as a first step to increased understanding.

More recently, we have taken steps to permit American scholars, experts in medicine and public health, and other specialists to travel to Communist China.

RICH POSSIBILITIES IN WORLD

These initiatives have been rejected.

We persist because we know that hunger and disease, ignorance and poverty, recognize no boundaries of creed or class or country.

We persist because we believe that even the most rigid societies will one day awaken to the rich possibilities of a diverse world.

And we persist because we believe that cooperation, not hostility, is the way of the future.

That day is not yet here. It may be long in coming, but it is clearly on its way. And come it must.

Earlier this year the Foreign Minister of

Singapore said that if the nations of the world could learn to build a truly world civilization in the Pacific through cooperation and peaceful competition, then—as Theodore Roosevelt remarked before him—this may be the greatest of all human eras—the Pacific era.

As a Pacific power we must help achieve that outcome.

It is a goal worthy of our dreams and of the deeds of brave men.

I pledge to all those counting on us: We will do our part.

Mr. BOGGS. Mr. Speaker, will the distinguished majority leader yield?

Mr. ALBERT. I yield to my colleague, the gentleman from Louisiana.

Mr. BOGGS. Mr. Speaker, I commend the gentleman from Oklahoma [Mr. ALBERT] on the statement he has made.

I think the statement made last evening by the President has spelled out in words that anyone can understand the clear objectives of our country throughout the world and particularly in Asia.

Again I commend the gentleman on his statement.

Mr. ALBERT. I thank the gentleman.

Mr. HANNA. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from California.

Mr. HANNA. Mr. Speaker, as a Representative from the West, I listened with great interest and high appreciation to the words of the President.

For over a year I have from time to time stood upon the floor of the House to call attention to the fact that we are a nation whose shores are washed not just by one great ocean but by two and that we are a member of the Pacific community of nations just as surely as we belong to the Atlantic community of nations.

In a speech before the House last October 12 I observed that the Pacific community must be looked upon not as separate and unrelated bits and pieces but as an integral whole, as a community of which we are very much a part. Looking at the Pacific in its entirety, I called attention to the revolutionary economic and social changes that are sweeping a dynamic new Asia into the 20th century.

I said that history had bequeathed us a role in the Pacific—a role of challenge and opportunity which we cannot and must not relinquish, "for we learned long ago that the Pacific is not a barrier but a highway—a highway that can bring us the horror of war as it once did and as it may do again, or a highway that can bring us the treasures of trade and cultural exchange as it does today and as we hope that it will always do. The Pacific does not separate us from Asia, Australia, and New Zealand; it binds us to them." I noted that our trade relations with our Pacific neighbors are growing dramatically and that, concomitantly, our Pacific ports are assuming ever increasing importance in the national economy. I noted too the painful lessons of 1941 and 1950 that our security "depends upon the security of the entire Pacific community, which in turn depends upon the security of each of its members—the smallest as well as the greatest."

In that speech, I observed that the time has come for us to look to the Pacific, to focus our attention there, to encourage in every way the development

of the Pacific Community, to build in earnest and thereby to take our part in a great adventure. I asked that we strive to give new energy to our Pacific diplomacy.

That we accord the Pacific the effort commensurate with its great importance to this Nation.

That we think "Pacificaly" as we long ago learned to think "Atlantically."

Mr. Speaker, I am glad that the President has answered my call to clarify our Nation's Pacific policy. He has done so with logic and skillful articulation.

He has called attention to the "new Asia."

He has put our actions in Vietnam into the perspective of the entire Pacific.

He has observed that the Pacific is as crucial to this Nation as is the Atlantic, that Asia is as critical to our peace and prosperity as is Europe, that we cannot and must not retreat from our destiny there.

He has associated himself with the remarks of Theodore Roosevelt and the distinguished Foreign Minister of Singapore, Mr. S. Rajaratnam, about the coming of the Pacific era.

Mr. Speaker, I wish to commend the President for his remarks. He has done the Nation a great service. I hope that every citizen will read and reflect on this important address.

I certainly feel the distinguished gentleman from Oklahoma [Mr. ALBERT] should be commended for bringing the President's important remarks to the attention of the House.

Mr. ALBERT. I thank my colleague.

COMMITTEE ON BANKING AND CURRENCY—FILING OF ACCOMPANYING DOCUMENT ON H.R. 15890

Mr. PATMAN. I ask unanimous consent that the Committee on Banking and Currency have until midnight tonight to file an accompanying document to the report on the bill H.R. 15890, in order to comply with the provisions of clause 3 of rule XIII—the Ramseyer rule.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object and I do not believe I am going to object, I would ask the distinguished chairman of the Committee on Banking and Currency whether this request has been cleared with the gentleman from New Jersey [Mr. WINNALL].

Mr. PATMAN. I am informed by our staff that it has been and I do not think there is any doubt about it having been cleared.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

FUNERAL SERVICES FOR ROBERT G. PERRY

(Mr. ALBERT asked and was given permission to address the House for 1 minute.)

Mr. ALBERT. Mr. Speaker, I wish to advise the Members of the House of the arrangements for the funeral services of our late friend, Robert G. Perry.

I have been advised that friends may call to view the body at the Simmons Funeral Parlor, 1661 Good Hope Road SE., on Thursday, July 14, 1966, from 10 a.m. to 9 p.m.

Services will be held on Friday, July 15, 1966, at 9 a.m.

Interment will take place on Friday, July 15, 1966, at 10 a.m. at the Arlington National Cemetery, Memorial Gate.

CORRECTION OF RECORD

Mr. RONCALIO. Mr. Speaker, in my remarks on page 14688 of this morning's CONGRESSIONAL RECORD the name of the commanding general of the Tiger Division of the Republic of Korea is spelled General Shea. This remarkable soldier's name should be spelled, Chae—Maj. Gen. Chae Mung Shin—and I respectfully ask unanimous consent for this correction in the permanent RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON PUBLIC WORKS

(Mr. SCHMIDHAUSER asked and was given permission to address the House for 1 minute.)

Mr. SCHMIDHAUSER. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may sit during general debate today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE 125TH ANNIVERSARY OF THE MACE

(Mr. HORTON asked and was given permission to address the House for 1 minute.)

Mr. HORTON. Mr. Speaker, today I should like to remind my distinguished colleagues of an historic anniversary. The year 1966 marks 125 years of consecutive use of the present mace in the House of Representatives. The mace is used as an active symbol of authority by the Sergeant at Arms. Made in 1841 by William Adams, the mace is an exact reproduction of the original mace which was destroyed when the British Army burned the Capitol on August 24, 1814. It replaced a temporary wood mace that was used from 1814 to 1841.

Standing 46 inches high, the mace is an exceptional example of a 19th century silversmith's art. Its core is formed by 13 ebony rods, representing the Thirteen Original States of the Union, and its surface is covered with solid silver painstakingly engraved with the seven continents of the globe. An artisan's treasure, it cost the U.S. Government a nominal \$400. Today, its value, both real and intrinsic, far exceeds that sum.

For centuries, the mace has been symbolic of power and influence. Originally employed as a potent weapon, gradually it has come to represent persons and institutions of authority. In England, the

King began the practice of sending his sword or mace down to the House of Commons to signify his presence when he was physically absent from the House. This custom has continued in the Commons to this day, and our English cousins never meet without the reminder of this ancient ceremonial tradition.

The position of the mace signifies whether the House is in session or whether it has resolved itself into the Committee of the Whole House on the State of the Union. Visitors in the galleries today will notice that the mace is now in position at the Speaker's right, meaning that we are now in regular session. When we begin our deliberations in the Committee of the Whole, the mace will be placed on the lower pedestal next to the desk of the Sergeant at Arms. Any Member or visitor entering the House can tell at a glance if the House is in session or in committee.

A resolution of the First Congress, adopted on April 14, 1789, required that an appropriate symbol of the office of the Sergeant at Arms be provided. As designated by the first Speaker, Frederick Muhlenberg of Pennsylvania, the mace has become the symbol of the Sergeant's authority, and it has occasionally been used to quell an unruly or turbulent Member, or to restore order on the floor of the House. So great is the respect for the mace that it need only be "presented" to a Member creating a disturbance, and he will quietly take his seat. In the 177-year history of the House of Representatives, there have been few instances when the mace was required—its symbol of legislative authority has never been violated.

The record of the mace should make all Americans proud, for during our history it has set a continuing example of the respect for law and order existing not only in the House of Representatives, but throughout our land. Mr. Speaker, I take great pride today in offering this salute to the mace in this, its 125th year.

LOAN TO MAINE SUGAR INDUSTRIES, INC.

(Mr. O'NEILL of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL of Massachusetts. Mr. Speaker, I am very distressed by a \$2.5 million loan just made by the Economic Development Administration of the Department of Commerce to the Maine Sugar Industries, Inc., of Easton, Maine.

The loan is a colossal waste of the taxpayer's money. It amounts to an investment in a beet sugar factory whose future is very uncertain indeed. Recently the largest beet sugar producers in the United States, after agreeing to construct a beet sugar plant in Maine, pulled out because they felt sugarbeets could not be grown properly in northern Maine. Also, it provides for the construction of a beet sugar factory hundreds of miles from a seaport, necessitating costly transportation expenditures.

The granting of this loan by the Department of Commerce amounts to pay-

ing for an untried operation. This loan strikes a damaging blow to the two sugar-cane refineries in my congressional district, and will result in the displacement of many employees there. In short, the loan is not only misplaced, but misspent as well.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 161]

Baring	Fraser	Powell
Bell	Garmatz	Reid, N.Y.
Blatnik	Hansen, Wash.	Rivers, Alaska
Brademas	Harsha	Robison
Celler	Holifield	Rosenthal
Colmer	King, N.Y.	Scott
Conable	Landrum	Senner
Conyers	Long, La.	Smith, Va.
Corman	McFall	Stephens
Culver	Mackie	Todd
Cunningham	Mathias	Toil
Diggs	Matsunaga	Trimble
Edwards, La.	Mills	Tunney
Ellsworth	Morris	Van Deerlin
Erlenborn	Morse	Walker, Miss.
Evins, Tenn.	Multer	White, Idaho
Farnsley	Murray	Whitten
Flynt	Ottlinger	Willis

The SPEAKER. On this rollcall 376 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF VOTE

Mr. CRAMER. Mr. Speaker, on rollcall No. 159 I am recorded as not voting. I was present and voted "aye." I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1966

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 15750), with Mr. PRICE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman

from Pennsylvania [Mr. MORGAN] had 1 hour and 35 minutes remaining, and the gentlewoman from Ohio [Mrs. BOLTON] had 1 hour and 34 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, H.R. 15750, to amend further the Foreign Assistance Act of 1961, as amended, was the result of many weeks of hearings and meetings and hard work by the Foreign Affairs Committee under the very able guidance of our chairman, the gentleman from Pennsylvania, Dr. MORGAN. As he has done so many times in the past, the chairman performed masterful stewardship on the Foreign Assistance Act. His knowledge, his skill, and his judicious temperament were continually demonstrated during our committee deliberations.

The New York Times editorially has commended Chairman MORGAN for "a high order of leadership." Mr. Chairman, this recognition is amply deserved.

Many times in the past I have risen to support America's programs of military and economic assistance abroad, but it is the future to which my remarks will be directed today.

For one need not be a prophet to see the next 10 years as a time of rapid change and eminent challenge.

The United States and the free world will be challenged as never before by the revolutionary forces at work on this planet.

I believe it should be recognized that many of these forces are of our own creation.

Is it not we in the United States who have largely been responsible for the technological and scientific revolutions which have made it possible for man to break the barrier of mere subsistence living and to progress to an affluent and comfortable society?

Is it not we who have created the media of mass communications which have carried the message of our progress and our prosperity to even the most remote corners of the earth?

Mr. Chairman in the final analysis, are we not the cause of the global revolution of rising expectations?

Within the past year I have traveled around the world and have visited some 15 countries in Asia, the Middle East and Europe. There is no place where I have been that the awareness of a new world has not penetrated.

Filipino children living in remote barrios may never have ridden in a motorized vehicle, but they can identify the aircraft that fly over from Clark Field.

Indian youths, with only rags to call clothing, crowd the sidewalks of Calcutta to hear a few strains of American popular music.

Afghan nomads with transistor radios can hear the Voice of America telling them about debates in the United Nations in New York, and about a power failure along our Eastern Seaboard.

Everywhere I went the story was the same: People expect things to be different, to be better.

They have found that independence by itself does not mean very much. Many of them are still as sick and poor and illiterate as they were in the days of colonialism.

They have freedom, but now they want the material progress that freedom has meant for the United States and the West. They expect a better life for themselves, and certainly a better life for their children.

These are, we must agree, legitimate aspirations. They are the same hopes and the same dreams which inspired the men and women who settled and built our own beloved Nation.

But these same aspirations can be easily twisted and distorted by the inflammatory propaganda of the Communists.

When people see the Old World dying and the New World not yet born, when their ambitions continue to outrun the prospects of fulfillment, it is little wonder that communism has an appeal.

If we were in the position of the emerging peoples we too might listen with fascination if men came to us and said: "We have the prescription for the future; we have all the answers; we know what to do because we have already done it, in the U.S.S.R., in China."

This simple claim to have the answers is one of communism's greatest weapons—and one which we must never for a moment underestimate. The Communist Chinese stand ready to use this and other tactics to harness the forces of discontent to their own purposes.

Mr. Chairman, I know that my colleagues are familiar with the statement by Lin Piao, the Vice Premier of Communist China, in which he outlined a strategy of global guerrilla warfare in which the emerging nations of the world would surround, isolate, and ultimately annihilate the free world.

While this document must be viewed in the light of Chinese capabilities to carry out such a program, we should not underestimate the strength of Chinese intentions.

As instruments of their policy, the Chinese have sought to recruit not just Communists, but all those angry men and women, even entire nations, who seek to tear down the present world system.

Call them what you will—Jacobins or anarchists or ultras—they dream of a world turned upside down in which you and I must come to them to beg for bread. In other words, they are irreconcilable to peaceful change and progress.

In a very real sense, then, a central purpose of American foreign policy—and the policy of the West in the coming decade—must be to reconcile the unreconciled among men and nations to the continued validity and viability of the present world system.

This policy must be pursued in several ways.

First, we in the free world must maintain the military strength to contain aggressor nations, like Red China. We must be able to deny them their con-

quests and curb their ambitions, as the United States and our allies are doing even this moment in Vietnam.

In order to assist the free nations in this effort, the bill before us today authorizes an appropriation of \$917 million for military assistance in both the current fiscal year and the coming one.

Three-fourths of the funds authorized will go to 10 countries, extending from Greece to Korea, which are adjacent to the borders of the Soviet Union or mainland China.

The importance of the military preparedness of these allies to our own defense was strongly emphasized by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff in their appearances before the committee.

But military aid alone will not suffice to solve the political and social problems created by the revolutionary crises of our times. In addition, we must be willing to give stake in the future of our system to those peoples and those countries which now stand outside the circle of prosperity.

It is to this end that our foreign economic assistance programs must be aimed.

It is generally agreed that our aid programs must be geared to building habits of economic and social responsibility in the recipient nations. They must provide emerging peoples with opportunities for self-help and self-achievement in an environment of cooperation.

Experience has shown that one effective way to accomplish these purposes is through regional, multilateral organizations and projects. It was for that reason that the committee approved a new section to the Foreign Assistance Act for southeast Asian multilateral and regional programs.

I need not belabor today the tremendous importance which southeast Asia has for the United States and its foreign policy. This region has become the battleground in the struggle between the forces of freedom and those of Communist aggression.

To this conflict the United States has committed the lives of hundreds of thousands of its young men and billions of dollars for the equipment and necessities of war.

But we know full well that progress in southeast Asia demands that economic advancement occur behind the shield we have raised in southeast Asia. It is incumbent upon us, therefore, to assist in that developmental process, to help build the new world toward which the Asians are striving.

The new section 271 of the Foreign Assistance Act affirms the importance of social and economic progress to U.S. objectives of establishing peace and stability in southeast Asia.

It also expresses the sense of Congress that these objectives would be served by an expanded effort at self-help by nations of that area, as well as by assistance from other interested, developed nations through multilateral and bilateral programs.

Section 272 sets forth the criteria which the President must take into account in providing assistance under this new title.

They include consideration or questions of self-help, regional cooperation and co-operative endeavors which look toward the solution of pressing social and economic problems.

And, Mr. Chairman, I can advise my colleagues, on the basis of my experience and observation in my recent travels, that these emerging countries are willing, anxious and determined to help themselves and to cooperate toward the solution of these problems.

Section 273 of the act authorizes the President to utilize any of the funds appropriated for Economic Assistance, with the exception of those under the Alliance for Progress, in order to provide aid under this title.

Mr. Chairman, as you know, the administration had requested an open-ended authorization for foreign appropriations. The committee very wisely rejected this request in favor of the limitation adopted.

Such funds may be used upon terms and conditions determined by the President, subject to the general rules and limitations set forth in the act.

I firmly believe that the establishment of this regional program for southeast Asia is a major step forward, toward the solution of many of that area's regional problems.

There are three requirements for southeast Asia if it ever is to know peace and stability: First, the nations must achieve economic and social progress in order to give their peoples a better life. Second, the nations must forget their intraregional squabbles and learn to cooperate together on projects of mutual benefit. Third, the nations must be able to establish the necessary unity to counterbalance, in some measure, the power of China on the Asian scene.

Through this new title, a start is made toward all three of these objectives. Among the development programs which could be financed are technical studies dealing with the Mekong River Basin, projects funded through the Asian Development Bank, the expansion and development of the existing regional Graduate School of Engineering in Bangkok, the Asian Productivity Organization and the Asian Labor Education Center in Manila.

All of these projects are directed toward the economic development of the southeast Asian nations in a context which maximizes intergovernmental cooperation and coordination. They provide a hope that ultimately the nations of that area can stand on their own and can resist Chinese pressures toward domination of their region.

Complementing the regional approach to international development, the committee has added a new title IX to the Foreign Assistance Act which is designed to emphasize the grassroots kind of activity which is so necessary to political stability.

As the committee report says on page 27:

Over the years in exercising legislative oversight with respect to the administration of U.S. development assistance, the committee has observed that there is a close relationship between popular participation in

the process of development and the effectiveness of this process.

Because of this belief, the committee has, in the past, written a number of provisions into the Foreign Assistance Act. These provisions urged that emphasis be given to stimulation of local programs of self-help and mutual cooperation, including loans to small farmers, encouragement of cooperatives, labor unions and savings-and-loan-type institutions. In this grassroots approach to development both public and private organizations could be utilized for maximum participation and effort.

Unfortunately, in the past neither those officials responsible for dispensing U.S. aid nor the recipient governments were particularly interested in this aspect of development.

It gradually has become clear, however, that failure to engage all of the available human resources in the task of development not only hinders economic progress, but also does little to remedy basic social and political unrest and instability.

In recent months many AID officials apparently have realized the wisdom of the committee's longstanding insistence on the use of democratic institutions in development. A number of programs emphasizing this approach have been inaugurated.

Believing that this trend should be encouraged and spurred on, the committee has proposed the language embodied in the new title IX.

It points up that even more attention and emphasis be given in the administration of U.S. assistance programs to the goal of attaining a larger measure of popular participation in development.

"Community action, and community development" have become the watchwords of the President's war on poverty. Now we must take some of these same concepts and apply them abroad to help wipe out poverty, ignorance, and disease through the mobilization of all available human resources.

The committee intends to keep a close check on the manner in which AID carries out the congressional intent of title IX. We expect that the Agency will develop the criteria for determining how well programs in these areas are proceeding insofar as they enlist the energies and talents of the people.

Mr. Chairman, before closing, I should like to turn to the issue of a 2-year authorization.

I am moved to speak on this subject, since the minority report flattered me by quoting a statement which I made in the course of the hearings before the Committee on Foreign Affairs, a statement which expressed my reservations about the wisdom of a long-term authorization.

I must admit that I have some deep reservations on this point, but at the same time I believe it is best to set the record straight.

I would like to point out that the statement quoted in the minority report was made by me at the time when the executive branch was requesting that the entire foreign aid program be placed on a 5-year basis.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ZABLOCKI. Mr. Chairman, the Committee on Foreign Affairs did not grant that request. Basically, apart from the Alliance for Progress and the development loan programs which have been a long-term basis for years, the bill before us contains a 2-year authorization. And it is this 2-year authorization that is at issue today.

After restudying the issue, I am moved to support a 2-year authorization, and I would like to explain why.

As my colleagues know, I have never been and I do not ever intend to become a rubberstamp for the decisions or requests originating in the other branch of our Government.

But, Mr. Chairman, I try to keep an open mind, and when the reasons are valid and persuasive, I am not afraid to reconsider my position.

During the markup of the bill, I listened with great care to the arguments advanced by our able colleague, the gentleman from Florida [Mr. FASCELL], arguments which set forth cogent reasons for a reexamination of my position on this issue.

Further, I was given assurances by our esteemed chairman, the gentleman from Pennsylvania [Mr. MORGAN] that the committee will follow through with an extensive examination of the different parts of this program next year, and that the committee staff may be enlarged. We do have an excellent staff but they are overworked.

Committee hearings and study will begin immediately upon the reconvening of the 90th Congress.

Further, we will have an opportunity to examine not a legislative proposal but the operation of the AID program on a country-by-country basis.

Furthermore, as I went back and reviewed the experience of the House and statements of some pretty knowledgeable people bearing on this issue, I recalled for example, that the House earlier this year passed several bills dealing with international matters—bills containing 2-year authorizations, the Asian Development Bank and the food-for-peace legislation and other measures in this category.

In each instance the 2-year authorization was overwhelmingly approved by the House.

I went further back in time and recalled the advice and admonitions of some of our former colleagues whose reputations for integrity, courage, and devotion to our Nation's cause require no elaboration on my part. Many of us served with our former colleagues, Dr. Walter Judd, and John Vorys, and with other colleagues who urged that our foreign undertakings be placed on a firm and sufficiently long-range basis.

I also recall the recommendations of our chief executives, President Eisenhower, President Kennedy, President Truman, and President Johnson, who commended to the Congress the advisability of adopting this approach to foreign assistance.

Finally, I reread the recommendations of the supplemental views which favor a 2-year authorization, but would prefer to have it begin in the first year of each Congress.

Having weighed all those arguments and all of those recommendations, based on many, many years of experience in the field of foreign policy, I reconsidered my own reservations and came to the decision to support the 2-year authorization proposed in the bill now before us.

I believe that the 2-year authorization proposed in the bill before us—taken together with Chairman MORGAN's assurances that the Committee on Foreign Affairs will continue to work as hard as ever on this program next year—represents a sound approach.

It does not abdicate our responsibility for this program.

It does not burden a new Congress with a commitment which cannot be changed. This authorization can—and may be—revised next year.

But at the same time, it gives the executive branch an opportunity to plan ahead.

It gives the newly elected Congress an opportunity to look into the program before voting on it.

And it will give the Committee on Foreign Affairs greater opportunity to concentrate on an intensive examination of those parts of the program which may require such extra effort and study.

I urge, therefore, that the 2-year authorization be approved. And I appeal to my distinguished colleagues on the minority side—who have supported this program and who see the merits of a 2-year approach—to reconsider their position about embarking upon this approach next year rather than this year.

Let us give the new Congress an opportunity to study and examine this program thoroughly before it comes up for a decision.

Mr. Chairman, I urge the approval of this legislation including the 2-year authorization.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAIR. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. MAILLIARD].

Mr. MAILLIARD. Mr. Chairman, I have asked for this brief time to express my support for the bill that is now under consideration in the Committee of the Whole.

I was somewhat surprised to hear my distinguished friend, the gentleman from Wisconsin, extol the virtues of the 2-year authorization because I recall rather recently being on a radio program with him when I expressed my own views to the effect that there might be some merit in a 2-year authorization and he stoutly defended the 1-year position. However, I certainly would not criticize my distinguished friend for having seen the light, as he explained to us a few moments ago.

Mr. Chairman, my main reason for speaking is not to extol the virtues of the foreign aid program. That has been done very eloquently by several speakers, but to tell the Committee that at the proper time I intend to offer an amendment which will strike out all authoriza-

tions for the fiscal year 1968 except for the development loan fund and the Alliance for Progress.

I do this not in a conviction that a 2-year authorization is necessarily bad, but that if it is to be done, I very, very firmly believe that it should be at the beginning of a new Congress and that we should not be put in a position of deciding now on a very controversial and important issue in such a way that the new Congress, which will come in in January, will not consider the program until it has been in session for more than a year. It seems to me that if this is a good idea—and I concede that there are some arguments for it—this is the wrong time to do it, and I would hope that such an amendment would carry and that the new Congress will be able to make a determination as to whether it wishes to depart from the time-honored principle of annual authorizations and proceed to the 2-year authorization. But I believe that question should be decided by the new Congress and not by us on behalf of people who will be elected this fall.

Mrs. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, over a period of 20 years, Congress, with the approval of a succession of Presidents, has blithely picked the pockets of American taxpayers for at least \$140 billion and dished it out around the world for what is euphemistically called foreign aid.

And today, if this bill is approved, the citizens of this country will be on the way to being victimized to the tune of approximately another \$13.8 billion.

It was designed, we are told year after after, in season and out, to win friends and influence people around the world to the cause of peace and righteous living. As we have said in the minority report, the record is one of vast failures that have been paid for with our billions of dollars.

In a message to Congress on March 13, 1959, the then President Eisenhower said that as a result of foreign aid "our friends among free world nations make available to us for the use of our forces 250 strategic bases, 5 million ground forces, 30,000 aircraft, and 2,500 vessels.

Where are the imposing forces about which Eisenhower spoke so glowingly in 1959? The casualty figures from Vietnam provide the answer just as did the casualty figures during Harry Truman's "police action" in Korea when the United States sustained 150,000 casualties. When it comes to fighting and dying our so-called friends, upon whom we have lavished so much, are conspicuous by their absence.

It is significant that exclusive of Korea, the countries providing even token combat support in Vietnam—Australia and New Zealand—are not on the list of foreign aid panhandlers.

Yes, where are the 5 million ground forces, the 30,000 aircraft, and the 2,500 naval vessels that the lavish foreign aid program was supposed to make available? As a cold matter of fact,

some of these "friends" have been and are still helping the enemy. In 1964 and 1965, several hundred free world ships, including those of Britain, Japan, Greece, Norway, Lebanon, Italy, West Germany, and Panama, landed thousands of tons of supplies at Haiphong in North Vietnam to help the Communists in their killing of Americans.

Leading the list in this Red trade were ships flying the British flag. This is the same British Government which owes American taxpayers billions of dollars and which is today being saved from collapse by virtue of hundreds of millions of American dollar credits to prop up the sagging pound sterling.

This is the same perfidious British Government which continues to trade with and support the economy of Cuba, thus keeping Fidel Castro in power and a Communist dictatorship in operation 90 miles off our shores, and spreading subversion throughout this hemisphere. This then becomes the excuse for dumping more millions of American dollars into Latin American countries to meet the threat of Communist infiltration spawned in Cuba.

Meanwhile, President Johnson has the effrontery to join with the perfidious British in their boycott of Rhodesia even though the same British Government thumbs its collective nose at our boycott of Castro's Cuba.

It is bad enough when these professed "friends" refuse to help us with the fighting and dying as in Vietnam where 4,000 Americans have been killed and another 25,000 wounded. But it is worse when they furnish those who are killing and wounding Americans with the supplies they need and are aiding and abetting Communists elsewhere.

It was only a few days ago that the British Government announced it would not send troops to Vietnam and would not provide arms for fighting the Communists. Under these circumstances, how can Lyndon Johnson keep a straight face before the American people and justify the use of American dollars to prop up the pound sterling or spend money from the foreign aid contingency fund to aid the British in their attempts to destroy the Rhodesian government which seeks its independence from the leeching British as did our forefathers 190 years ago?

Incidentally, as the foreign handout program continues, our gold stocks dwindle. France, into which this country dumped some \$9 billion in so-called foreign aid, has ordered us to pack up and get out, meanwhile, according to published reports, pulling out some \$33 million per month of our gold. How long, I ask, will it be until the United States holds the worthless paper of the world and an assortment of foreign nations have taken over our gold?

Into India this country is now pouring hundreds of millions of dollars each year and yet we read only today that Prime Minister Gandhi and Dictator Tito of Yugoslavia have just issued a joint statement asserting that India and Yugoslavia will adhere to "nonalignment as an instrument of peace and peaceful co-existence."

Are memories so short that we have forgotten what happened when Communist Chinese troops were sent plunging across the Indian border? When it became a question of saving their hides, leaders of the Indian Government came crawling and begged the United States to come to their defense. This Government responded instantly, and when it became clear to the Red Chinese that U.S. military forces would be used to halt the invasion the fighting ended.

India, with communism on its threshold, refused to send combat troops to Korea when the Russians and Red Chinese made their first postwar military thrust in Asia. Then they said they were "neutral." They have steadfastly refused to send combat help to Vietnam because, they say, they are "nonaligned."

But neither Mrs. Gandhi nor Dictator Tito is "nonaligned" when it comes to picking the pockets of American taxpayers through the medium of the open-handed spenders both in and out of Congress.

India and Yugoslavia are but two examples of the "heads we win; tails you lose" foreign aid technique. What about Italy, Greece, and Turkey, to name only three more in addition to Britain and France? All of them have wallowed in the foreign aid trough but they are shedding none of their precious blood in Vietnam.

It was not so long ago that President Johnson sent Henry Cabot Lodge around the world to drum up help in the fighting and dying department in Vietnam. Lodge returned to Washington to report that our so-called friends around the world expressed their "deep gratification" that we were fighting the war.

Shortly thereafter, and probably in recognition of this stirring report, Lyndon Johnson appointed Lodge as Ambassador to Saigon.

But what should we expect when the Vice President, HUBERT HORATIO HUMPHREY, takes to the public rostrum as he did at Huron, S. Dak., on May 31, this year, to proclaim that the United States must learn to accept abuse—not gratitude—in helping poorer nations?

In a speech at Huron College, in his former hometown, HUMPHREY asserted that leadership required patience and understanding. "In none of this," he said, "should we expect either friendship or gratitude."

I say that when the United States invests the blood of its youth in a sanguinary war 10,000 miles from home; when it invests more than a billion dollars a month in that war; when it has ladled out \$140 billion to help the downtrodden from Ouagadougou to Timbuktu, it is entitled to something more than a kick in the teeth.

A writer in the Detroit Free Press summed it up fairly well recently when he wrote:

It is a fact that some of those who have howled the loudest for American involvement in every nook and cranny on this troubled globe are now leading the wailing over our predicament in Vietnam.

Go into Africa, Uncle Sam, these people insisted, and mix into the tribal affairs which have been confounding observers for centuries on end.

Stick your oar into Latin America, Uncle Sam, they said, and don't fret over the fact that generations of highly intelligent natives have been unable to bring about land reform, which is the genesis of progress.

Go here, go there, go everywhere, Uncle Sam, these people urged, for you are the new leader of the new world and the great unwashed yearn for your pearls of wisdom and pant for your solicitude. Take money; help make the world green; and go, go, go!

Didn't they realize, these people, that some time, some place, Uncle Sam might get his foot caught in a bear trap? Apparently not. And now the shock of their reaction to the nasty impasse in Viet Nam has brought them to near hysteria and we hear soulful laments directed against the government which went, went, went.

A few days ago a man came in for a chat and he was asked: "What do you want out of our involvement in Viet Nam?"

"What I want," he replied, "is to be able to walk along the principal street of any city in the world and not be ashamed of my Americanism. I want to 'win' over there to the extent of a decent, negotiated peace, and then I want us to get out—the wiser for our experience—and leave those people alone."

Mr. Chairman, I have said before and I repeat that the foreign aid program, as it has been operated and is presently operated, is one of the worst swindles ever perpetrated upon the American people. It is not within the capacity of the citizens of this country to police and provide the bankroll for the rest of the world. It is a further swindle because it has not, as promised, produced dependable friends and allies throughout the world.

This Nation today is debt-ridden and plagued with inflation. It is faced with growing internal dissension. It is moving inexorably toward the day when citizens will be confronted with the grave question of whether this free government can be preserved.

In all conscience and reason, this bill ought to be drastically reduced and under no condition should the citizens of this country be committed to a foreign aid program of more than 1 year.

Mr. MORGAN. Mr. Chairman, I yield 12 minutes to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I rise in support of the pending legislation, the Foreign Assistance Act of 1966.

First, I should like to join with my colleagues in expressing our high regard for the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania, Dr. MORGAN. His stewardship of our committee has been marked by fairness, bipartisanship, and tremendous devotion in the discharge of his responsibilities to the House and to our Nation. His approach to the complex, frequently exasperating, problems of our foreign policy has been marked by all of those characteristics—and by a good deal of foresight.

It is in no small measure due to his personal interest and concern for the future course of our foreign policy that during the past 6 months our committee, and its various subcommittees, have spent many hours examining such diverse issues as the conduct of the war

in Vietnam, the crisis in NATO, our policy toward Asia, the future of the United Nations, the problem of Communist subversion in Latin America, and many others.

In addition, the committee has devoted over 3 months to a careful survey of the programs required to carry out U.S. foreign policy, embodied in the legislation now before the House.

The result of these efforts, the information and the insights which they produced, and the collective judgments arrived at by the Committee on Foreign Affairs, are reflected in the provisions of H.R. 15750 and elaborated in the report accompanying this legislation.

Mr. Chairman, as the author of the amendments in committee to authorize foreign aid for 2 years, except for 5-year authorization of the loan programs, I want to discuss why it is in the public interest in my opinion for the program to be authorized for more than 1 year. Let me begin by saying that the principle of long-term authorization is not a new principle in the foreign aid program. It is, in fact, an established principle which Congress has recognized on several occasions and which has been widely supported through the years by Presidents of the United States and a broad segment of leaders in business, government, and the professions.

Every President of the United States has urged long-term authorization beginning with President Truman who said:

It is well known that one-year authorizations for development programs are wasteful and inadequate. Countries that are planning their development ahead . . . are kept in doubt and are unable to move ahead with confidence. The authorization clearly should be for 4 or 5 years, as in the case of the Marshall Plan.

When the Eisenhower administration took the lead in proposing that foreign aid be put on a long-term basis, Democrats joined Republicans in supporting the establishment of the Development Loan Fund in 1957.

As President Eisenhower said:

I believe our common objective can best be accomplished through a long-term authorization of appropriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized.

It is important to remember that the Development Loan Fund was authorized for 2 years in 1957 and again in 1959, and for 5 years in 1961, following which the Alliance for Progress loan program was authorized for 4 years in 1962.

In making these long-term authorizations, Congress refused administration requests for borrowing authority, and required instead annual appropriations. This was a wise move in my opinion, and this system has worked quite well in the case of the development loan program.

I am particularly well qualified to speak on the subject of long-term authorization for the foreign aid program because I was one of the Democrats on the Foreign Affairs Committee who signed supplemental views in the House report on the mutual security bill in 1957. One

of the points we made in this statement was that the Development Loan Fund as a new program should be given a trial period of a year, rather than being authorized for more than 1 year. Our misgivings were unfounded. It is clear that the long-term authorization of the development loan program has helped to stabilize the foreign aid program and to emphasize the continuing U.S. commitment to assist less developed countries. It is also clear that there have been none of the problems in connection with the long-term authorization of the development loan program which opponents of the 2-year provisions are now claiming will result.

In 1961 and 1962, President Kennedy, continuing along the lines initiated by President Eisenhower, again emphasized the importance of a long-term authorization:

Long-term authorization, planning and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect an increased response from other potential donors or any realistic planning from the recipient nations . . . no other step would be such a clear cut signal of our intentions to all the world . . . No other step would do more to help obtain the services of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

Again, Republicans joined Democrats to support the long-term authorization of the development loan program, and in 1962, the Alliance for Progress.

This year, President Johnson has recommended a 5-year authorization for the entire foreign aid program. What he has requested is not something new or different. He proposes an extension of a principle which already has been successfully applied to part of the foreign aid program, building on precedence established by the Republican administration of President Eisenhower.

Our committee has met the President half way by recommending continuation of the long-term authorization for the development loan program and the Alliance for Progress, together with a 2-year authorization for other categories of assistance. I quote from the committee report, page 5:

A 2-year authorization of specific sums assures an opportunity for each Congress to make a comprehensive review of the foreign aid authorization.

There will not be any diminution of congressional scrutiny of the foreign assistance program as a consequence of the 2-year authorization. The Committee on Foreign Affairs does not regard a 2-year authorization as indicating that it intends to assume less responsibility for, take less interest in, or do less work on foreign air.

Annual appropriation of funds will still be necessary following a comprehensive and detailed review by the Committee on Appropriations.

The committee believes that more attention should be given to the contribution which our various foreign assistance programs are making to the advancement of U.S. foreign policy and to reviewing in detail specific foreign aid operations rather than undertaking every year an all inclusive survey of what the Executive proposes to

do in the year to come and the estimated financial requirements.

The committee desires to explore and discuss policies, programs, and operations which are in need of attention. It is not anticipated that the responsible officials of the State and Defense Departments will spend less time in the preparation and presentation of material to the committee than they do at present.

COMMENTS ON SUPPLEMENTAL VIEWS

Six minority members of our committee who support the foreign aid program have signed views opposing the 2-year authorization, despite the fact that at least five of these also indicated their support for the continuation of the 5-year loan programs. In doing so, they said that the case can be made for authorizing the loan programs for 5 years because this "is continuing a policy which Congress has already approved," and that "the foreign aid program as a whole is so complex and the international situation changes so unpredictably" that the other categories should not be authorized for 2 years.

Let us examine these arguments. The international situation is complex and it does change rapidly, but this has been the case ever since the end of World War II.

If the international situation should change so as to require legislative changes in the AID program, Congress can always revise the 2-year authorization by simply amending the act next year. This has been done from time to time with the Development Loan Fund, and there is no reason that the same procedure cannot be used again if the world situation requires such a step.

Furthermore, the logical conclusion of the argument that Congress should approve only those things which have been approved in the past is an absurd position, unworthy of discussion.

The supplemental statement also says that a multiyear authorization should not be passed this year, but should be considered at the beginning of a new Congress. The passage of a 2-year authorization this year would bring the program up for review in the second year of the new Congress, and I think you probably could argue that new members would be in a position to cast an informed vote on the program at that time.

It is also worth pointing out that the Development Loan Fund and the Alliance for Progress were authorized for more than one Congress, skipping the 88th Congress altogether. But I have not heard anyone argue that this adversely affected congressional prerogatives.

The final argument made by the members who signed supplemental views is that a 2-year authorization would represent "the abdication of responsibility by the Foreign Affairs Committee."

CONGRESS CAN BETTER CONTROL FOREIGN AID WITH A 2-YEAR AUTHORIZATION

The fact is, as I said earlier, with a 2-year authorization there will be more, not less, congressional control over foreign aid.

As all Members know, there will be annual appropriations under these long-

term authorization provisions. But annual appropriations do not mean that there will be sufficient congressional control over the program through the appropriations process. I do not believe this for a minute, nor do I accept the argument that the kinds of control insured through the appropriations process would give adequate policy direction to the program. A combination of policy and funding controls exercised by both the authorizing committees and the appropriations committees is vital.

Having said that, let me point out that there are very few Government programs which are not authorized for more than 1 year. Almost every major program of Government is authorized permanently. Those programs which are not authorized permanently are almost all authorized for more than 1 year. Has anyone ever claimed that the authorizing committees which oversee the other departments have abdicated their responsibility by having authorized these programs for more than 1 year? On the contrary, the less time a committee has to spend on annual general review of programs, and can instead devote itself to selective examinations of programs, the more control it will have over their operations.

We know how beneficial, for example, investigations of the foreign aid program have been, not in just correcting specific abuses, but in increasing the effectiveness of the entire program. Does anyone doubt that these investigations result in better control than the type of annual general hearings covering the waterfront which the Foreign Affairs Committee has had to conduct every year?

Some of the most productive work of the Foreign Affairs Committee has been the investigations of the foreign aid program which have been carried out in recent years and which could be greatly intensified if the committee and its staff were not so tied down each year with full committee hearings on the foreign aid bill.

A 2-year authorization would give the committee a chance to probe the foreign aid program in depth. I have not the slightest doubt that this will result in better control over the program.

Those who make the argument that the committee is abdicating its responsibility and that Congress will lose control over the program by authorizing it for 2 years would do well to look at the development loan program and the Alliance for Progress, both of which provide evidence to the contrary. There has been no indication of any loss of congressional control of any abdication of responsibility by the authorizing committee in authorizing the loan programs for more than 1 year.

Let me also point out that there has been substantial bipartisan support for the 2-year authorization of long-term authorization for the loan programs. The gentlewoman from Ohio [Mrs. BOLTON], the gentleman from California [Mr. MAILLIARD], the gentleman from New Jersey [Mr. FRELINGHUYSEN], and the gentleman from Michigan [Mr. BROOMFIELD] all voted for the long-term

authorization for development loans and the Alliance for Progress; none of them signed the minority views in 1957 which attacked the 3-year authorization provided for the Development Loan Fund; nor did any of these Members who now say 2 years is an abdication of committee responsibility support the motion by Smith of Wisconsin in 1957 to delete the Development Loan Fund. They all also voted for the conference report which contained a 2-year authorization for the loan program. Their record is clear—they have never thought long-term authorization was an abdication of responsibility. As the gentleman from New Jersey [Mr. FRELINGHUYSEN] said in 1961, when arguing for long-term authorization with annual appropriations:

Most of us, as I have indicated, are in favor of long-term programming. We recognize there can be more efficiency and effectiveness, if we have long-term programming. Furthermore I certainly am in favor of long-term commitments over a specific period to an individual country. We might develop such a response on a basis of a long-term authorization for 3 or, perhaps, 4 years. We might couple that with a multiyear appropriation of part, but not all, of the total amount which the administration estimates it is going to need 3 or 4 years from now.

HOW THE 2-YEAR AUTHORIZATION WOULD AFFECT THE FOREIGN AFFAIRS COMMITTEE

It has also been argued that if the foreign aid program were authorized for more than 1 year the Foreign Affairs Committee would have to close shop on the off years. It is very difficult for me to see how anyone could make an argument of this kind knowing how much there is to be done in the foreign affairs field these days, and what a heavy responsibility falls upon the Foreign Affairs Committee. Members know how pressed for time the committee is, and it is apparent that as long as the Foreign Affairs Committee has to conduct a general review of the foreign aid program each year it will be substantially foreclosed from consideration of other major foreign policy questions.

The result is that the Foreign Affairs Committee is not able to play its full role in the making of foreign policy. If the committee is going to perform for the House and for the country functions which increase daily in importance, it must have the opportunity to operate more broadly in the foreign affairs field. This can be done if annual authorization hearings by the full committee are not mandatory.

WOULD A 2-YEAR AUTHORIZATION HURT THE PROGRAM BY PUTTING IT IN THE HANDS OF THE APPROPRIATIONS COMMITTEES?

There is also the argument that to authorize the foreign aid program for more than 1 year while requiring an annual appropriation would leave the program in the hands of the appropriations committees.

As I indicated earlier, I think it is essential for the authorizing committees to play their full role with respect to the program. The appropriations committees cannot give adequate policy direction to the program; this must continue to come from the authorizing committees. But there is no reason that this kind of policy control cannot continue to be ex-

ercised by the Foreign Affairs Committee with an authorization of more than 1 year. Other authorizing committees have had no difficulty controlling programs which were permanently authorized or authorized for more than 1 year. There are many other forms of control than simply passing the authorization bill each year, and many of these are more effective than the generally superficial consideration given the program every year under the present system.

BENEFITS OF A 2-YEAR AUTHORIZATION FOR THE FOREIGN AID PROGRAM

The benefits of a long-term authorization for the foreign aid program are practical. A tree cannot grow if you pull it up every year to look at its roots.

Let me sum up the case this way: There is no single action which could be taken by Congress which would do more to stabilize and make the foreign aid program more effective than passing an authorization for more than 1 year. Not only would it be a sign of continuing American commitment to its international responsibilities, but it would also represent the acceptance by Congress of a fact long since accepted by the American people; namely, that foreign aid is a necessary part of our foreign policy.

Passage of a 2-year authorization by Congress would be a sign to the rest of the world that the United States is in this fight to win. As Dr. Walter Judd, one of our former distinguished Republican colleagues serving on the Foreign Affairs Committee said in 1961 in arguing for long-term authorization:

If you have a long-range problem, you have to have a long-range solution. You can't do it otherwise.

The best way I have been able to think of it is this: When the Japanese attacked Pearl Harbor, the Congress met and declared war. It did not declare war for 1 year and say, "We will spend the last 2 months of the year debating whether to fight the second year," and the same thing at the end of the next year.

We declared war until we won. But at the same time we did not lose control of the conduct of the war. We did not commit ourselves to fight it all with tanks because we perhaps started with tanks, or all with battleships, instead of shifting to carriers. We would modify our operations as experience developed.

The main thing was to tell our allies, and our enemies and our own people that we are going to fight until we won. It is the same now. If we can get that kind of confidence in us abroad, and at the same time keep flexibility, rather than rigidity in our program, I feel strongly that will be best for the program and best for our country.

What Walter Judd said has been echoed by public groups which have studied the foreign aid program, by Presidential commissions, and by witnesses from a broad segment of American life. Let me quote just a few of the statements made by witnesses before our committee this year:

John O. Teeter, vice president of Pfizer International, on behalf of the Chamber of Commerce of the United States, said:

Long-range economic planning and development must be emphasized in foreign assistance programs. To accomplish this goal, a 4-year authorization of foreign aid funds,

subject to annual appropriations and review by appropriate congressional committees, is desirable. * * * We think this is consistent with what we in business would term good long-range planning.

John C. Lynn, legislative director, American Farm Bureau Federation, testified this year before our committee as follows:

Let's decide what is in the best interests of the United States. Make this a 10-year plan or a 5-year plan, if this is what is required. Then each year the administrative agencies of Government would come before this committee and demonstrate to you what progress they are making on the plan that you and, let us say, the AID administrators develop for India.

We would be for a 5-year plan, but the authorization would be based on the progress being made toward carrying out the plan.

This is the same procedure that the Congress follows with regard to domestic programs. We see no reason why it shouldn't be done with the AID program.

John T. Caldwell, president, North Carolina State University, speaking for the National Association of State Universities and Land-Grant Colleges, testified:

The institutions of a society which develop, undergird, and replenish the individual and social competencies cannot be produced overnight. For this reason we applaud the proposal in H.R. 12449 for 5-year funding authorizations * * * but 5-year authorizations would add a measure of psychological stability to a foreign-aid program too often characterized in the past by year-to-year uncertainty. The 5-year authorization begins to recognize the desirability of choosing long-range goals and building programs toward their achievement.

Dr. Caldwell quoted presidents of other State universities and land-grant colleges as follows:

Earl Rudder, Texas A & M University: "One of the most common fallacies in foreign assistance thinking is the assumption that host officials responsible for development in newly developing countries are already committed to the action required for progress with specific development projects. This fallacy, plus short-term aid commitments results in projects getting underway without sufficient commitment on the part of the host government to secure the minimum in local participation and support required for success."

Elvis Stahr, Indiana University: "Renegotiations of contracts annually or biennially have been known to take as much as 8 months * * * with corresponding uncertainty and loss of time."

John T. Fey, the University of Wyoming: "Lack of predictable funding is a major deterrent for any university-related program."

F. L. Hovde, Purdue University: "The training of U.S. and foreign technicians and scientists is a continuing endeavor that cannot be mounted effectively with short-run fund authorization."

Similar testimony was received from many other organizations including the National Council of Catholic Women, the AFL-CIO, the National Council of Jewish Women, and others.

So it is apparent that the recommendation of the Foreign Affairs Committee for a 2-year authorization with 5 years for the loan programs is consistent with the actions of Congress in the past which were supported by Republicans and Democrats alike, with the best judgment

of all of those who have been concerned with the administration of the program, and with the express views of leading Americans. Someone has said that the foreign-aid program is trying to do a 50-year job in 10 years with 5-year plans and a 1-year authorization. The least this House can do is to put the program on a sounder, more businesslike basis by providing a 2-year authorization, and by continuing the 5-year authorization for development loans and the Alliance for Progress.

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, after listening to the commentary of the gentleman from Florida, I am tempted to cease my remarks. But inasmuch as the logic of the gentleman from Florida was not as convincing as his delivery, I am constrained to go ahead and discuss the opposite position on this issue.

Before I point out the fallacies of a multiyear authorization, I should like to commend the chairman of our committee, Dr. MORGAN, for his very dedicated and persuasive manner in handling this bill in committee. Early in the committee deliberations I was proud to follow the chairman in supporting a 1-year authorization. Later on signals were crossed and people went in divergent directions, and the chairman heroically nurtured a multiyear authorization bill through the committee. But I do wish to commend the chairman for the original position which we share.

First, I should like to direct the attention of Members to the minority views, which commence on page 66. I point out, in the form of an apology, that even though these minority views were written as carefully as possible, events of the last month have made them slightly obsolete. Some of the observations we made as to problems in various parts of the world in relation to the foreign aid program have intensified. If we were to write the report today, we could give you more devastating, practical reasons for curtailing this program, for keeping it at a 1-year level, and for making needed tightening requirements in the law.

I should like to point out to Members the problem we have in the administration of this program. We have over 72 recipient nations, some of which are very grateful, some completely ungrateful, some who assume that foreign aid from the United States is a way of life for them. It imposes an impossible administrative assignment to operate in this many countries, with the billions of dollars involved, with any degree of efficiency. That is why we recommend in our minority views that we have a deliberately calculated practical policy of phasing out this program. We set no time limit. We are realistic enough to know that for the next 10 or 20 years this program may still be with us.

But certainly a practical phasing out of this vast and absolutely unmanageable program would be in order.

Then recognizing the tenor of debate in the House, and the fact that sometimes those of us who offer amendments are accused of trying to gut the bill, I wish to emphasize that all the amendments I know will be forthcoming will be progressive, practical, helpful amendments to improve this program. Certainly we hope that these progressive amendments which we shall offer later this afternoon and tomorrow will receive the support that they deserve on behalf of the taxpayers of this country.

We are especially interested in tightening up the administrative complications. We feel a bit of restraint on personnel, restraint on the number of countries who are aid recipients, and a tightening up of previous language that the Congress has placed in this law would be helpful.

For example, it is the intent of Congress, as expressed in a number of sections of the foreign aid law, that aid not be given any country carrying on aggressive action against another nation. Obviously, in the case of the United Arab Republic, this intent of Congress has not been followed.

I am not even speaking of the nominal thought that this raises the question of the belligerence of the United Arab Republic against the State of Israel. I am thinking of their involvement in Yemen. It is the intent of Congress that we not reward aggression with blind continuation of our aid program. I am hopeful we can make progressive suggestions that would tighten this loophole.

Then we find ourselves in the ironic situation of contributing aid to countries who continue to be at loggerheads with each other. India and Pakistan are classic examples. Certainly our aid is essential to both those countries, and certainly it ought to be used as a lever to bring about peaceful cooperation between them.

Then we have a country that is torn apart, Cyprus with both its neighbors, Turkey and Greece, being aid recipients. Certainly our aid could be used as a lever—it has not been—to bring about a practical solution in that part of the world.

Then, we get into the Latin American situation, where we have been told since 1961 that the Alliance for Progress would produce utopia for countries south of the border. All their historic ailments and complications would be cured under the Alliance for Progress. We find it hard to explain why this program, with all its grandeur and expense, has not helped Argentina to reach a minimum of stability—or Ecuador, or the Dominican Republic, or Haiti. There are other nations in the Alliance for Progress who have not achieved minimum stability in their government.

Last fall a group of us in the Foreign Affairs Committee toured Africa. We want to see democracy flourish in that continent. We are also aware of the fact that it is the policy of our State Department not to provide aid to countries which are outright dictatorships. In recent months the Prime Minister in Uganda dissolved his parliament and tried to assassinate the leading opposi-

tion political leader and is now running that country in a fullblown personal dictatorship. Yet Uganda is an aid recipient. If we are to produce stability in government, if we are to produce democracy, we should not be rewarding a retrogression such as we have seen in Uganda and other lands.

I can go on, Mr. Chairman, and give many other examples of what I think are inconsistencies which seem to prevail here, but I am afraid my arguments may be falling on deaf ears.

So I wish to remind Members again of the fact that as we conclude this debate we will be offering what we consider to be very helpful, practical amendments, many which will make the administration of this program easier, many which our committee perhaps overlooked, but I am confident that the Members on the floor will support these constructive, practical amendments.

If, in the process, these amendments aid the American taxpayer, this will be wonderful, but our immediate aim is to help the administration of this well intended, but greatly misdirected program.

Mr. Chairman, I would urge the Members to take time between their consideration of this debate and the amendments that will be forthcoming to quickly read the minority views, where we give the facts and figures and the reasoning that could be used to support the constructive propositions and constructive housecleaning that will be forthcoming.

In conclusion, I point out, Mr. Chairman, that we do have under the chairmanship of Dr. MORGAN a very fine committee, a committee that has been dedicated to its responsibility and dedicated to help produce a more effective foreign policy on behalf of the people of the United States. Certainly, this committee can be trusted to work with an annual foreign aid authorization. We need not strip the committee of any voice, thereby stripping the Congress of further voice, in the authorization processing of this legislation. I cannot conceive, especially in a campaign year, of any Member voluntarily liquidating the role of the Congress in the direction of the foreign aid program. That is exactly what we would do if we go to a multiyear authorization. So we do expect that there will be widespread bipartisan support of maintaining the 1-year authorization on behalf of the taxpayers and on behalf of the voice of Congress—a much-needed voice of Congress—in the conduct of our foreign affairs.

Mr. Chairman, we who serve in the legislative branch of Government have become accustomed to interference from the executive branch in our deliberations and legislative decisions. To a limited degree, this is a natural result of the political relationship which does exist between a President and the legislators who are elected with him under the same party label.

Apart from the direct impact of this aid bill, I again remind the Members that many provisions of the law are being disregarded by the executive branch. I have given you the example of the United Arab Republic and wish to remind

you there are loopholes through which aid can be given Communist countries.

The administration has been operating on the fallacy that it is possible to wean individual Communist nations away from the Soviet orbit. These attempts have proven to be complete failures. You cannot change the nature of Communist domination over any nation any more than you can expect a leopard to change its spots.

Aid to any Eastern European Communist country would serve to strengthen the Communist governments there. I do not object to U.S. aid in times of famine or natural catastrophes, since there exists in both tremendous good will toward the United States and its citizens. Aid to Red governments, however, perpetuates and expands the strength of the Communist system. These Eastern European nations are part of the Soviet economic sphere, channeling not only their own surplus products into Soviet-controlled economic programs, but depriving their own people of the necessities of life to meet the quotas imposed by the economic czars of the Red world.

As we supply aid to the Communist governments of Eastern Europe, some of it trickles down to the people. However, it is represented as coming from the efficiency and generosity of their rulers. Much of our aid, however, is diverted to the Soviet Union or reshipped to leftist or neutralist countries in the world's trouble spots as part of the economic infiltration and activity of the Soviet colonial empire.

The official line of many Communist governments in Eastern Europe is that by being included as recipients of U.S. foreign aid and favorable trade, they pursue "independent" action in foreign affairs despite their Communist political philosophy. The statements of our Ambassadors merely reveal the thoroughness with which those Communist governments have brainwashed our State Department officials. All of these governments in Eastern Europe are supporting the aggression by North Vietnam.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. ICHORD].

Mr. ICHORD. Mr. Chairman, I rise in opposition to H.R. 15750 as now written.

H.R. 15750, the Foreign Assistance Act of 1966, represents a feeble attempt by the Congress to regain some control of a foreign assistance program which has gotten completely out of hand in recent years. In the initial postwar period, foreign aid was a noble and enlightened endeavor by this Nation to help a war-torn Europe and Asia toward recovery. This has long since been accomplished, yet the United States continues to foot the bill for scattered and diverse programs which bear little relationship to our fundamental national interests. I say that it is time for us to stop, take stock of our position, and put foreign aid on an economic diet as recommended by the Clay committee in 1963.

H.R. 15750 does not do this. It is only one of many bills which contain foreign aid. Foreign aid has actually increased since 1963 rather than decreased. As a

matter of fact, total foreign aid has increased in excess of 30 percent over fiscal year 1961 if all foreign aid programs are added together. H.R. 15750 only attempts to soften some of the more glaring acts of defiance and ingratitude shown by some of the past recipients of foreign aid to insure that it will not happen again. It specifies, for instance, that benefactors are not to direct propaganda against the United States or its aid recipients; recipients are to pay "adequate compensation" for damage or destruction of American property by indigenous mobs; recipients are to refrain from transporting goods to or from North Vietnam; and recipients are not to plan activities involving insurrection or subversion against the United States or other aided countries.

To my way of thinking, the very need for such conditions—necessary as they may be—is a sad commentary on the way in which our assistance has been received in some countries. Not too long ago, President Nasser of the United Arab Republic told us to "jump in the lake," his mobs destroyed a USIA library, and he now threatens war on his Arab and Jewish neighbors. Ex-President Nkrumah of Ghana used American assistance to help plan subversion for his neighbors. President Sukarno of Indonesia once told us "to hell with your aid," permitted U.S. property to be attacked, and menaced the peace of Malaysia in spite of all our efforts. India and Pakistan used American military supplies to wage war on each other. And France, the greatest recipient of military assistance in Europe, has been a thorn in our side regarding the Western Alliance and our policy in Vietnam. Some apologists might point out that two of the less grateful—Nkrumah and Sukarno—are no longer in positions to insult this country and misuse our aid. But is it not also true that their wings were clipped after the largest part of American assistance was cut off; after the supposed moderating influence of American aid failed to achieve its purposes?

Mr. Chairman, consider these insults and the way in which our foreign aid has been misused. Bear in mind the disappointing results from the nearly \$3 billion we have poured into the Alliance for Progress program. Consider, too, the disturbing balance-of-payment deficit which is aggravated by large-scale foreign aid expenditures. Look back on the domestic programs which the administration has attempted to pare down or eliminate in order to finance extensive foreign-aid commitments—such things as impacted school funds, school lunch and milk programs, and the like.

Consider all of these things, Mr. Chairman, and you have a thumbnail sketch of how much of our foreign aid money has been spent. You get an idea of how some of our friends have received our help. All that I can ask is that with such friends, who needs enemies?

How many times must our mistakes be compounded before our policymakers realize that friendship cannot be purchased? How many billions in American dollars must be poured down the open-ended funnel of foreign assistance before

it occurs to us that common national interests, not joint bank accounts, are the ingredients for useful and productive international relationships?

From the beginning of our constitutional history, our Government has operated on the principle that appropriations shall be made by the Congress because its Members are closest to the people. That assumption is just as valid today as it was in the time of our Founding Fathers. Because of this conviction, I say that it is high time that the Congress regain control of our total foreign aid program. For too long, we have entrusted our responsibilities to the judgment of the executive bureaucracy, and we are the worse for it. We must restore some semblance of proportion to our overall foreign economic commitments. We must remind all potential recipients that foreign assistance is a favor, not a right. We must, in short, restore our self respect and implement our national interest by rejecting H.R. 15750 as it now is written.

(Mr. ICHORD asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. BENNETT].

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, I plan to offer an amendment which would establish as U.S. policy that no funds authorized in this bill could be used for any activity or program which is contrary to the policies of the United States.

I am pleased that the House Foreign Affairs Committee has included in this year's bill a policy statement that:

The President shall seek to assure that no contribution to the U.S. development program * * * shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.

In recent years I have testified before the committee in support of my bill to provide that U.S. payments to the United Nations shall not be used for programs contrary to the policies of our country. I have also offered similar legislation as an amendment to the foreign aid bill. This year, on May 11, 1966, I testified in behalf of my bill, H.R. 53, calling for a halt to this misuse of funds to nations who have vowed to destroy us, or who are openly assisting our enemies.

The evidence in support of the need for my legislation has been clear. In January of this year, the United Nations Special Fund, now the U.N. Development Program, approved a project at the University of Havana to train engineers and other technical persons, costing, \$2,096,500. Castro's Communist teachers, many of whom are Russians, were handed this money to carry out a program certain to undermine our efforts to keep the Western Hemisphere free from Castro and Russian totalitarianism. Our representatives at the United Nations objected to this, and voted against it, but it did no good. Just 2 years ago, the U.N. Special Fund also approved a grant to help Castro's

ailing economy, which cost U.S. taxpayers \$500,000.

The language in this year's bill would require the President to seek assurance that U.S. funds given to the United Nations will not go to Castro's Cuba. This is good and establishes a basic policy which our freedom-loving people demand. It is idiotic that our country, which contributes over 40 percent of all funds going to the U.N. Development Program annually, should thus support the totalitarian designs of Castro and his Communist government to the tune of millions of dollars. I congratulate the committee on providing the language it did about Cuba.

While the bill includes the provision to ban U.S. contributions to the U.N. Development Program which go to Cuba, the legislation needs to be further amended to cover all United Nations programs in which funds might be used contrary to our national interests; and it needs to cover all nations, not just Cuba.

The evidence for the need of this amendment, which would provide that no payment by the United States to the United Nations shall be used for any program contrary to the policies of the United States is readily available. There is no requirement by the U.N. Charter that we make these contributions.

The most flagrant and disheartening example outside of Cuba involves Cambodia and our fight for freedom for the Vietnamese people.

In the last 4 years, Cambodia has received almost \$3 million from the U.N. Special Fund for various projects, which cost U.S. taxpayers \$1.2 million. The most recent grant was for \$611,900 in January 1965. This is the same country which is led by Prince Sihanouk, who said on March 23, 1966, in announcing that Cambodia had given the Vietcong a shipment of rice:

We have given this aid to them by closing our eyes because we and the Vietcong have a common enemy, which is U.S. imperialism.

Foreign relations expert and columnist, C. L. Sulzberger, of the New York Times has recently reported that Cambodia is "a sanctuary and supply source for the Vietcong on such a scale that the Phnom-penh government must know it. From the extreme south to Laos in the north, Cambodia is violating its proclaimed neutrality."

I will read here a recent news dispatch from Cambodia:

PHNOM PENH, CAMBODIA.—Prince Norodom Sihanouk has sent a message of solidarity to North Vietnamese President Ho Chi Minh on the U.S. bombings of oil depots near Hanoi and Haiphong, the government reported.

Sihanouk expressed profound indignation for the raids and pledged total support to (North) Viet Nam.

Mr. Chairman, my amendment would allow the President to put a stop to the oftentimes wholesale support and taxpayer's dollars to people who have flatly stated: "We will bury you." It is a sickening thing to realize that our dollars are helping to aid a country which gives sanctuary to the Vietcong.

Once this amendment is passed the President will have a firmer base on

which to demand that U.S. funds not be used by anti-American programs.

I urge that the House adopt this amendment.

A copy of the amendment follows:

Page 11, immediately after line 11, insert the following:

"(d) Section 301 is amended by adding at the end thereof the following new subsection:

"(d) The President shall seek to assure that no payment or contribution by the United States to the United Nations or to any agency or activity thereof shall be used for any program or activity which is contrary to the policies of the United States. If the President determines that any such payment or contribution (or any part thereof) is used in violation of this subsection, he shall thereafter withhold United States payments and contributions to the United Nations until the amount withheld equals the amount used in violation of this subsection."

And redesignate the following subsection accordingly.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. FARBSTEN].

(Mr. FARBSTEN asked and was given permission to revise and extend his remarks.)

Mr. FARBSTEN. Mr. Chairman, throughout the years I have favored the foreign aid bill, and I similarly favor the bill this year. I believe it is important for the pacification of the world and is necessary in the interests of the United States.

Mr. Chairman, I rise in support of H.R. 15750, the Foreign Assistance Act of 1966. And in doing so, I wish to recognize this debate as an opportunity for the various Members to face responsibly their constitutional role in the formulation of foreign policy.

The U.S. program of foreign assistance has been a prominent feature of American activity in the international community. It has, since World War II, striven for multiple objectives and its general outlook can be altered year to year by the sense of this Congress. Let us evaluate the present bill's provisions for the role of America in the world in the near future.

Basic to our foreign assistance program is the assumption that economically underdeveloped nations are woefully prone to underdevelopment in a political sense as well. For two centuries, this country has constantly recognized that a free and vibrant society, functioning through truly democratic institutions, was not the norm of national life throughout the world. From the era of this Nation's birth, when Europe contained outmoded autocratic governments and their radical inversions of revolutionary mob rule, this Nation has never taken its successful political life for granted. In our own time since World War I, we saw some countries choose between fanatical fascism and totalitarian communism as their political systems. Surely we have learned that constant effort by those committed to democracy is needed if that system is to take roots in more than a few isolated nations. In its foreign assistance program, this country asserts first that it

wishes to help other nations attain stable political lives. And, second, if the poverty of nations threatens those leaders who seek stable and democratic systems, we will not allow that threat to go unimpeded. With a stake in democracy throughout the world, the United States is willing to mitigate the strains of economic underdevelopment abroad.

The bill before our consideration now is a significant demonstration of our will to spread political stability through economic development.

Provision is made in this bill for assistance to research and educational institutions in the United States to develop greater programs concerned with the economic and social development of less-developed countries. This will enable AID to continue to increase its use of private American skills and talents.

In the particular area of supporting assistance to Vietnam, this bill goes far in satisfying the needs of our foreign policy. Funds will be used for rural reconstruction directed toward village development, refugee relief, and other essentials. We are taking strong steps to enable the Vietnamese economy to withstand serious inflationary pressures which could endanger basic political stability.

We are also considering today a proposal for continued support of the valuable development assistance program of the United Nations. Through this agency, we are contributing immense benefits for peaceful development throughout the world. Know-how is transferred to the less-developed countries through the provision of experts and the granting of fellowships for training abroad. The U.N. also provides surveys of natural resources, economic feasibility studies, training institutions, and research institutes. These are some of the concrete steps toward economic development which are required by the aspirations of the countries we wish to help.

The value of another agency, UNICEF, is well known. It does substantial work in the field of disease control, health services, and nutrition. It further supports education and vocational training.

The world food program, supervised jointly by the United Nations and the Food and Agriculture Organization, with our help can continue to supply foodstuffs on a multilateral basis to promote economic and social development of the developing countries.

U.N. and direct AID assistance programs are much more than simple donations of funds. They are sound steps toward a broader business interaction between all nations involved. As countries which we now assist grow stronger, they will provide new and growing markets for U.S. business. This, of course, will improve our balance-of-payments situation. What we are pursuing is a community endeavor on an international scale. Beyond altruism lies an approach which is based on a belief in common stakes and mutual desires for general development of both sides of the assistance transaction.

The American outlook on foreign aid also calls for determined efforts of self-help by the recipient nations. This bill

recognizes that there is a close relationship between popular participation in the process of development, and the effectiveness of this process. Accordingly, the bill calls for assurances that participation be maximized through the encouragement of democratic institutions—both private and governmental. The experience of aiding Japanese development immediately after the war, for example, has taught us that huge programs by governments can be successful if the citizens in all localities are involved in their nation's development. In particular, loans to small farmers, encouragement of savings and loan-type institutions, and so on, are called for.

A new section of the Foreign Assistance Act would strengthen the southeast Asia multilateral and regional programs. Among the most encouraging developments of this year is the dynamic display by non-Communist Asian nations of a willingness to combine their resources and plan toward the economic development of that entire region. With Japanese willingness to join our continuing efforts, southeast Asia can build a formidable and political independent area of progress.

A necessary complement to successful foreign assistance is our refusal to condone flagrant efforts to disturb peaceful development throughout the world. Several months ago the world was notified that some nations, joining in a tricontinental congress intend to overturn the governments of several nations in this hemisphere. The polite announcement does not make less threatening their determination to impede gradual political progress and economic development in the victim nations. With foreign assistance on one side, the United States extends its opposition to international upheaval, on the other. Accordingly, this bill denies assistance to those who plan military efforts against this country or any country receiving assistance from us.

In addition, I am most gratified that the bill calls for a restriction of funds to refugees serving in the Palestine Liberation Army. U.S. contributions to the U.N. Relief and Works Agency for Palestine refugees would no longer reach that disruptive military force.

In the Middle East, we also seek to divert excess foreign currency to the Hadassah—Hebrew University Medical Center in Jerusalem. I welcome this provision as a significant constructive part of this program and a partial solution to our standing problem of excess foreign currency.

This bill is complex and many-faceted. Yet, its general outlook is unmistakable. In a world where some wish to overthrow and radically invert, those who wish to respond effectively and morally must do more than obstruct. Maintain the peace we must—but our policy toward others must seek to develop nations, to stimulate change, and thereby insure the peace.

Mr. GALLAGHER. Will the gentleman from New York yield?

Mr. FARBEINSTEIN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, I wish to commend the Representative

from New York [Mr. FARBEINSTEIN] for his vigorous support of the grant of \$1 million in excess foreign currency to the Hadassah—Hebrew University Medical Center in Jerusalem. The authorization contained in this bill is designed to help that dynamic center to keep up with the latest developments in the medical field. To bring this about the gentleman from New York [Mr. FARBEINSTEIN] responded to the appeal of the national president of the Hadassah Medical Relief Association, Mrs. Mortimer Jacobson, by proposing an amendment to this bill to the Committee on Foreign Affairs. A unanimous vote registered our full agreement with Mr. FARBEINSTEIN's amendment.

The value of the organization thereby aided is well known. Hadassah projects in Israel include youth rescue work, land reclamation projects, a vocational training program, and a medical program. It is one of the foremost voluntary agencies working in close cooperation with the U.S. program of food for peace.

The medical center in Jerusalem is a splendid expression of American financial and technical aid to developing areas. Funds collected in this country provide American standards and know-how to the only center in Israel for all three vital functions of healing, teaching, and research. Part of its outstanding achievement is the training of medical students from various countries in Africa and Asia. In addition, personnel from the Hadassah Medical Center in Jerusalem have traveled to several African countries to help them start clinics for both treatment and preventive medicine.

While we in this Chamber are asserting our determination to extend American aid to developing nations, it is most fitting that we recognize the achievements of Hadassah in Israel. Mr. FARBEINSTEIN's amendment has directed us to a fruitful cooperative program which will benefit all nations involved. I was delighted to lend my support to this amendment in committee and to make the motion calling for its passage.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado [Mr. EVANS].

(Mr. EVANS of Colorado asked and was given permission to revise and extend his remarks.)

Mr. EVANS of Colorado. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, in the history of the U.S. Government, there have been few governmental projects that have been debated, discussed, and criticized more than the U.S. foreign aid program. Critics of foreign aid are quick and even eager to find flaws in a program that is, at best, difficult to implement. They seek tangible proof that the U.S. dollar has achieved immediate results. Because of its very nature, however, foreign aid is not a program which produces spectacular, overnight successes. Instead, it is a long-range program which is not well-suited to a rigid, inflexible schedule. Our foreign aid program is designed to help people—people who suffer from malnutrition and disease—people who have never known the inside of a schoolroom, or even a se-

cure roof over their heads. We cannot expect people who are hungry and starving to produce a thriving industrial society; just as we would not expect people who cannot read to be able to build airports for jet planes, or skyscrapers to house huge corporations.

I cannot tell you today of any sweeping, immediate changes created by the introduction of U.S. economic and technical aid, because change takes much time, and change is often not as evident as some people would prefer. For instance, how can you categorically list the changes which occur in the attitudes of a people, or of a government that opens new developmental opportunities because of the introduction of foreign aid? It is simply impossible to put attitudes into tangible, cut-and-dried statistics, but I can name some circumstances which form, I think, an impressive list of meaningful successes. In 1965 alone, as a result of the AID program, over 40,000 classrooms were built; more than 110 million people vaccinated against smallpox; more than 90 million people benefited from water supply facilities; over 1 million new acres were irrigated; and more than 2.5 million people received agricultural credit loans. I can remind you, also, of the 26 foreign nations, including Western Europe, Lebanon, Japan, and Free China, which have completed the transition from being recipients of U.S. economic aid to being self-supporting countries.

Of course, it is unnecessary to go into great detail about the dynamic growth of Western Europe and Japan. We are all well aware of their prosperity; but perhaps the lesser known story of Taiwan, or Free China, might be more pertinent to this discussion.

In December 1949, 1½ million impoverished, homeless refugees landed on the island of Formosa for a last-ditch stand against Communist China. Now, in 1966, 15 years later, Taiwan stands as a living testimonial to the success of U.S. economic aid. Illiteracy has almost been conquered. Over 95 percent of all primary age children attend school. The agricultural development of the island has been astounding. In 10 years rice production has increased 41 percent, and the average farmer is banking a record of 30 percent of his cash income. The island's textile, garment, and wood industries are booming. There is even a growing motion picture and television industry. All of these achievements were possible because of the wise programs of the Chinese, 14 years of U.S. technical advice, and \$1.5 billion in grants and loans.

In 1949, V. K. Welling Koo, then Ambassador from Nationalist China, said:

Help Free China retain a position that can be defended and we will demonstrate that any area of freedom can beat communism in production, education, welfare, happy living.

Mr. Koo proved to be a good prophet, for in 1965, Taiwan no longer required assistance, and the U.S. economic aid ceased on June 30 of that same year.

This is not to say that all the problems of Taiwan have been alleviated. They have not; but their problems have been reduced to such an extent that the island

can now go about the task of becoming a productive member in the world family of nations.

The United States, from the very beginning, wisely invested in the future of Taiwan through technical aid, grants, and loans. Today that investment is paying handsome dividends. The success of Taiwan is proof to all countries of Asia, and for that matter, the entire world, that the U.S. foreign economic aid program can and will help any country who is willing to help itself.

Some people would say that Taiwan is an example of unparalleled success, but they would be wrong. Certainly, the amount of time it took for Taiwan to become an independent, self-supporting nation was extremely short, but other countries, in far worse condition than Taiwan, have also made remarkable progress. India, for example, has overcome many obstacles and is well on the road toward economic independence. Since 1953, India's national income has increased 42 percent. Life expectancy has risen from 27 years in 1947 to 42 years in 1965. Today 60 percent of the children under 12 attend school. Compare that to a literacy rate of 10 percent only 15 years ago.

Only recently, India, a country who always prided itself on a controlled and protective economy, was able to liberalize its import regulations, and open the gates to a steady flow of much-needed raw materials and mechanical equipment. Foreign aid was a major contributing factor to the new easing of import restrictions, for without foreign aid, India would not have had the confidence or the economic prosperity to permit the acceptance of new industrial responsibility.

We have seen here two examples of successful foreign aid. Taiwan, in terms of national development, had a rather fast and dynamic growth. India, on the other hand, shows a slower type of success—a type of success which requires slow changes in established tradition and thought before the actual developmental work can be effective. Both Taiwan and India, however, are in their own way successes.

Many critics of foreign aid center their arguments around the length of time it has taken to help these countries to their present stage of development. They say it has simply taken too long. When the facts are reviewed, however, it is apparent that our own country went through a long process of change and growth. It has only been since the turn of the century that the United States has truly begun to develop. The progressive income tax, lowering of interest rates, rural electric cooperatives and other forms of assistance to farmers are not old institutions in our country. Only 30 years ago, farmers in most places in our country were without electricity and plumbing. Yet we sometimes think that 10 years is too long to give foreign aid to a nation that has not yet shown evidence of overwhelmingly successful results. We have only to look in our own country for the answers to these critics. It has been said that it takes 8 full years for a program to move through Congress from

the inception of the idea to the passage of legislation. Surely we are expecting too much to think an entire country can be modernized within the course of a few years.

But despite the time it takes for development to occur, there has been significant progress. Taiwan is certainly a completed success story at which Americans can point with pride, and India soon will be. We cannot, however, allow ourselves to bask in the light of our achievements for there is much yet to be done. Foreign aid success stories of today must provide our guidelines for tomorrow. We must accept the legacy of successful economic development of countries such as Taiwan, and continue pursuing a program whose goal is, and always will be, to maintain a healthy climate for continued self-development.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. HAGAN].

Mr. HAGAN of Georgia. Mr. Chairman, I am very grateful that the distinguished chairman of the Committee on Foreign Affairs has granted me this time.

Mr. Chairman, the United States should immediately cancel existing cultural exchange and athletic competition agreements with the Soviet Union and other Communist nations which support North Vietnamese aggression in South Vietnam.

Russian and Polish cancellation of track and field events is clear proof—if any were needed—that there is no such diplomatic animal as a nonpolitical exchange program with Communist nations. It is now beyond dispute that by entering into such agreements our State Department has simply provided these Communist nations with a propaganda tool to be used against the interests of this country and the free world.

Soviet groups are in this country at the present time under the United States-Russian cultural exchange program. They should be asked to leave forthwith.

American groups are currently in the Soviet Union and other Communist nations under the same agreement. They should return home immediately.

So long as American troops are engaged in combat in South Vietnam, there can be no basis for so-called cultural exchange relations with Communist aggressors.

To participate in such programs under present international conditions is a mockery of the sacrifices being made by our American troops fighting in South Vietnam.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CHAMBERLAIN].

(Mr. CHAMBERLAIN asked and was given permission to revise and extend his remarks.)

Mr. CHAMBERLAIN. Mr. Chairman, H.R. 15750, the Foreign Assistance Act of 1966 leaves me with mixed emotions.

On the one hand, I am gratified to note that the committee has again sought to write into law a clear prohibition of any aid to any country which permits ships or aircraft under its registry to transport goods to or from North Vietnam. On the other hand, I have strong reservations about the provision for a 2-year authorization.

Last year, it will be remembered, in conference on the 1965 foreign aid authorization, the other body insisted that this prohibition be weakened so that the President was required only to consider denying such aid to those countries involved in trade with the Hanoi regime. Admittedly in recent months there has been a healthy reduction in the level of this traffic. As the minority views on page 73 of the report accompanying this bill show, during 1965 free world ships called at North Vietnamese ports a total of 256 times. I would remind my colleagues that this is the first complete public report we have had from the administration. Up until now the American people have been told there were only 119. For the first half of 1966 the number, I am informed by the Department of Defense, is 54.

Free world ships arriving North Vietnam, 1966

Flag	January	February	March	April	May	June	Total
United Kingdom.....	13	11	5	4	4	1	38
Greece.....	3	1		1	1	1	7
Cyprus.....	1		1	1	1	2	6
Malta.....				1		1	2
Italy.....	1						1
Total.....	18	12	6	7	6	5	54

So we have made some progress but just as surely something still remains to be done and we in the Congress must not relax our efforts to dry up entirely this source of supply to our enemies. One ship is one too many. Fifty-four ships is intolerable. It can never be explained to our constituents at home who are so deeply concerned about the war in Vietnam.

As the minority views to this bill pointedly suggest, it is indeed a sad commentary on our alleged friends and allies, and on the ineffective diplomatic efforts of the administration as well, to note the

lack of concern in many of these countries until recently about trade that their flag vessels have engaged in with North Vietnam and the corresponding lack of assistance which they have given to the South Vietnamese in their struggle against the Vietcong.

During 1965, for example, ships flying the Greek flag entered North Vietnam 28 times and according to the State Department the total amount of Greek aid to South Vietnam to date has been some medical supplies. During 1965 there were 29 Norwegian-flag ship arrivals in the north but so far South Vietnam has re-

ceived no aid at all from the Norwegian Government. During 1965, 37 trips by Japanese-flag vessels helped supply Ho Chi Minh but so far the Japanese have supplied South Vietnam with only some ambulances, medical supplies, transistor radios, and construction help on a power dam and bridge over the Mekong River. Furthermore, while Japanese-flag ships no longer enter Haiphong, Japanese trade still continues with North Vietnam. Finally and most incredibly there is the United Kingdom. During 1965 British-flag vessels called 136 times in the north but British aid in the south has amounted to only a token amount of educational equipment, some roadbuilding machinery and a few diesel fishing boat engines.

Let me quote to you from the State Department release entitled "Free World Assistance to Vietnam as of May 24, 1966," which indicates the total amount of British aid during the last year and a half:

United Kingdom: The United Kingdom has provided six civilians for the British Advisory Mission and a Professor of English at Hue University. With eight Vietnamese already in training in the United Kingdom, Britain has agreed to provide for 12 more this year.

It hardly needs saying how pathetic the aid our so-called friends are giving South Vietnam is when compared to our own efforts, both in men and material. It is downright appalling when compared to all we have done for these same nations in the past and are in some cases still being asked to do.

Mr. Chairman, there is another story involving free world shipping and the supply routes of the enemies of South Vietnam which this bill does not attempt to influence and which I feel I must speak about as well. This involves the matter of Cambodia's alleged neutrality and the reports that free world ships entering Cambodia by means of the Mekong River through South Vietnam carry goods which ultimately benefit the Vietcong.

I have on a number of occasions in recent months sought to bring to the attention of the House information which clearly reveals that Cambodia is a back-door source of supply of apparently growing importance to Vietcong and North Vietnamese units. I could not even attempt to summarize this information at this time. The most recent report appeared on the front page of the New York Times only this past Monday, July 11, under the headline "Four U.S. Battalions Lose Red Regiment at Cambodia Line." In the same paper on a different page was another story filed in Laos disclosing that Laotian fighter pilots have been in action against the Sihanouk Trail and that they were fired on from Cambodian soil.

As I have said before in this Chamber, when in South Vietnam on a Special Armed Services Committee assignment this past April I was shocked to learn that despite the existence of reports for many months of the flow of contraband from free world vessels using the Mekong River to Cambodia that we have no effective control over this traffic. During the first 6 months of 1966, ships flying

the flags of six free world countries called 169 times at the Cambodian capital port

city of Phnom Penh on the Mekong River.

Free world ship arrivals in Phnom Penh, Cambodia, 1st half, 1966

Flag	January	February	March	April	May	June	Total
Panama	19	17	13	5	6	6	66
France	10	11	10	11	10	6	54
Japan	5	6	4	4	2	5	28
United Kingdom	4	3	3	2	1	2	15
Netherlands	1	2			2		5
Italy		1					1
Total	39	37	32	22	21	18	169

Because of the danger to its security the South Vietnamese Government closed the Mekong River to all Communist vessels bound for Cambodia in late 1964. Despite the growing evidence of the use of Cambodian soil by the enemies of South Vietnam no other effective steps have been taken with regard to the river traffic.

I have, therefore, called upon the President to urge the Government of South Vietnam to close the river to all Cambodian traffic—first of all to stop the flow of contraband and, second, to prod the Cambodian Government into making greater efforts to live up to their alleged policy of strict neutrality. So far this recommendation has been met with only the routine evasive responses from the State Department, with which we are all so familiar.

The question presents itself, therefore, if our Government is not going to take effective action in this area, should not Congress take the initiative as it has taken the initiative with respect to trade with Cuba and North Vietnam. The cases are similar if not identical. Congress has sought to stop the free world aid to the North Vietnamese war economy in order to directly and indirectly cut off a source of supply to the Vietcong. We know that the Vietcong does derive aid and comfort from Cambodia either officially or unofficially, either with or without the complete knowledge and consent of the Cambodian Government, and that free world trade to Cambodia is a factor in it.

While there have been a number of recent news stories which endeavor to suggest that Cambodia's Chief of State, Prince Sihanouk, has now decided that the Vietcong will not win in South Vietnam and that he will become more friendly with the West again, I, for one, have yet to see any firm evidence that such is yet the case.

The reports that Prince Sihanouk has accepted our Government's offer to finance an expanded program of border surveillance by the International Control Commission do not in themselves indicate a change in basic policy. Many times Sihanouk has called for better surveillance of Cambodia's borders and ports but he must always have done so in the full knowledge that the Communist member of the International Control Commission, Poland, has always rejected such a move and could be expected to reject like moves in the future. Obviously the Cambodian situation must be watched very carefully in the coming months.

No one wants the war to be enlarged whether into Cambodia or elsewhere. Neither does anyone want the war kept going by the virtue of the enemy's ability to use Cambodian soil as a sanctuary and as a logistical base of support. The Cambodian interpretation and implementation of neutralism, whatever its intentions, clearly is being exploited by the enemies of South Vietnam. Unless a change in the situation in Cambodia is soon discerned, I believe that efforts to bring economic pressure should be undertaken until Cambodia takes more effective action to eliminate the use of its territory by the enemies of its eastern neighbor. For my part I do not believe any aid should be provided any country which trades or permits ships under its registry to carry goods to or from Cambodia. While I recognize that there may be difficulties in bringing appropriate legislative action to bear on this elusive problem I would strongly recommend that the distinguished chairman and members of the Foreign Affairs Committee give this whole problem a very hard look for if the administration does not take effective action soon with regard to Cambodia then, just as has been the case with free world trade with North Vietnam, the job will be left for Congress to do.

In conclusion, Mr. Chairman, I should like to return to the concern I expressed at the beginning of my remarks with respect to the 2-year authorization provided for in this bill. In recent years I have voted against foreign aid legislation to protest against this overextended and often poorly handled program, recognizing at the same time that it contained a number of worthwhile undertakings as well. The growing criticism of the foreign aid program from many sides in recent years has had the salutary effect of reducing the level of spending in this field. I continue to feel, however, that that level can be reduced further. That it has been reduced at all is in part due, I believe, to the opportunity that the Congress has each year, both under the authorization bill as well as the appropriation bill, to subject this whole program to the closest scrutiny.

I cannot think of a more appropriate time or place to express what I believe to be the overwhelming sentiment of the American people, than on this bill which undertakes to provide military assistance to 55 countries and economic assistance to 70 countries. They should be with us or they should not get a dime of our taxpayers' money. I would not dispute the level of support recommended for our

friends in South Vietnam for even while I realize that our program there is in great need of more effective surveillance which could and should be provided forthwith, I want the record to show that I would support such aid if it were before us today as a separate item just as I supported the supplemental Vietnam aid authorization passed earlier in the session. However, I have grave reservations about the remainder of this bill. When we weigh the aid we have given to more than 100 nations over the years against the help we have received from these same countries in our efforts to defend freedom throughout the world I can only question the worth of much of our aid program. It is time we started to measure the quid pro quo and let the whole world know we are going to continue to measure the quid pro quo. In their hour of need the South Vietnamese people are scarcely getting sympathy from those who have been beneficiaries of our aid programs for decades. These countries should realize that if they accept our help we expect that they should be willing to render whatever assistance they can in return to defend freedom wherever it is threatened throughout the world. Until we have more tangible evidence of a return on our investment I cannot support this legislation.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, in authorizing money for the Foreign Assistance Act of 1966 we once again have the opportunity and the responsibility to review the role of the United States in world affairs.

Since my first term in Congress, I have been a firm supporter of foreign aid. I believe then, as I do now, that our foreign aid program can be an important ally to a dynamic American foreign policy devoted to the fulfillment of man's aspirations.

In my first speech on foreign aid in 1961, I said that for the first time in history it seems possible that the benefits of civilization may be distributed among all of the people everywhere. For the first time in history, it then seemed that the people of the emerging countries could see some reasonable hope and likelihood that the lot could be changed.

The foreign policy of the new administration that year for the first time recognized that for the people of the world the struggle for nationhood and the struggle for development are intertwined. It recognized that the United States could either seize the leadership in a changing world, or it would be left behind. Furthermore, it recognized the responsibility of the rich nations to give economic assistance to those nations which have less material abundance.

Mr. Chairman, our record during the past 5 years has seen a mixture of failures and successes. We have never done enough to help the hungry and the un-

educated—nor is there ever enough which we can do. We have never fully sided with the people of the world and with democracy and against dictatorship and privilege. Our funds have sometimes been wasted, sometimes been stolen, sometimes been given to precisely those people who least needed help.

But the need for foreign aid remains, and I remain convinced that our Government should use its great resources to help the people of the world. In studying the Foreign Assistance Act of 1966, I find that it makes many constructive advances and in some instances points to directions in which our foreign policy should certainly be directed.

In southeast Asia, for example, it emphasizes the need for multilateral and regional programs which, as I have often noted in this Chamber, offer the best chance for peace and progress in that region of the world. For the Alliance for Progress our authorization has been increased in recognition of the success of that program. A new section has been added to the technical cooperation and development grants title, which would help our universities "develop and carry out programs concerned with economic and social development of less developed countries." And for the program as a whole, by authorizing money on a multi-year basis, we have at last recognized that our commitment to foreign aid must be long range.

Mr. Chairman, I would like to discuss each of these developments in a little more depth.

Mr. Chairman, the Foreign Assistance Act of 1966 adds a new dimension to the technical cooperation and development program of the Agency for International Development. Title II provides that up to \$10 million may be given to "research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries. In short, AID will now be able to encourage universities to prepare themselves, their faculties, and their students for a more direct role in economic development.

The contribution which trained Americans can make to the growth and well-being of the developing nations is virtually limitless. Occasionally we tend to think that all the United States has to offer the world is money, military weapons, and anticommunism. But the fact is that we can offer much more. For among our greatest resources are know-how and trained manpower.

The great scientific and technological advances which we have made in this country should not—and must not—be made for this country alone. The discoveries of science—like the poetry of Shakespeare—belong to the world. It is imperative that we discover how to translate our scientific know-how into terms which are directly relevant to the developing nations. And it is crucial that we find ways of providing the people to disseminate that information within the nations themselves.

In the July issue of Foreign Affairs,

President James Perkins of Cornell makes clear how drastic this need really is. In an article entitled "Foreign Aid and the Brain Drain," he not only tells how vital trained manpower is for the world as a whole, but he points out that rather than being an exporter of trained men, we are a manpower importer.

According to the Organization for Economic Cooperation and Development, nearly 5,000 highly trained scientists and engineers come to this country every year. There are more South Koreans with Ph. D.'s in Cambridge, Mass., than there are in South Korea.

The new provisions of this bill—taken in conjunction with the International Education Act of 1966—will begin to help AID to explore ways in which our universities can begin to meet the responsibility and the challenge which is presented by the discrepancy between our own abundant skills and the need for skills in the rest of the world.

I think, however, that even more than an effort by our universities is needed. I believe that this country should create an exciting and dramatic new program to enlist scientific talent into the service of developing countries.

For that reason, I have proposed that the United States train a career corps of men and women to disseminate scientific and technological information throughout the developing world. I have proposed that it be called the International Development Corps.

The corps might draw, for example, on men and women who, after returning from the Peace Corps, want to continue to work in developing countries.

Upon returning to the United States, I have suggested that the Peace Corpsmen and others might participate in a graduate program to gain proficiency in a scientific subject which is relevant to the needs of a developing nation. There they would be joined by men and women from the nation for which the proposed project would be conducted.

The important role that this kind of a program could play is underlined by outgoing AID Administrator David Bell in another article in the current issue of Foreign Affairs:

The process of foreign assistance—

He points out—

is inherently dependent on research * * *. There can be no doubt of the importance of incorporating far stronger programs of research and evaluation into our aid administration.

Mr. Chairman, I am pleased to note that in giving the AID authority to spend \$10 million to help universities "develop and carry out programs concerned with the economic and social development of less developed areas," we have taken an important step. In voting for this measure, we can go a long way toward encouraging universities to develop the facilities and programs which an International Development Corps would require.

Mr. Chairman, let us look at Latin America. The pending bill contains an enlarged authorization for the Alliance for Progress. H.R. 15750 provides \$850 million for each of the fiscal years 1967

through 1971, of which \$150 million is authorized for outright grants. The dollar figure is significant and so are the dates, for in the present bill the Congress makes a clearly enlarged commitment to the Alliance for Progress. The total loan authorization has been raised to \$700 million from the previous level of \$600 million; the amount available for outright grants has been doubled from the previous level of \$75 million; these increases will be for each of the coming 5 years.

Despite some initial stumbling blocks, this program is now succeeding. Over 50 percent of the people of Latin America are benefiting from U.S.-assisted Alliance programs. More than 1.5 million people are living in Alliance-sponsored housing. A million children are attending school for the first time because of new classrooms built with the help of the Alliance. Hundreds of thousands of people are receiving medical attention from new, Alliance-aided hospitals and health centers. More than 13 million people are benefiting from Alliance-financed water supply and sanitation projects.

One good indication of the support the Alliance has within our Nation has been the growth of the partners of the Alliance, a program through which organizations in 30 of these United States have entered into partnership arrangements with community groups in several Latin American countries. Chambers of commerce, Rotary and Lions Clubs, high schools, women's clubs, and other civic organizations and community groups have in the 2 years that the program has been operating supplied over \$3.1 million of equipment and services to schools, hospitals, villages, and farmers' organizations in Latin America. What greater proof could there be of the support of the American people for assistance to our friends to the south?

The authorization for \$150 million in technical cooperation grants in the present bill is especially significant. Of these funds, almost \$50 million has already been programmed to finance U.S. technicians serving on short-term projects in Latin America and over \$10 million to pay the cost of training technicians from Latin America—most of whom are administrators—in the United States.

In all, the present commitment is well-deserved and necessary. It will assist our hemispheric neighbors in their struggle to solve their tremendous social, economic, and political problems. Good progress has been made so far; Congress must provide the funds to continue that progress.

Mr. Chairman, turning to the tense Near East, the pending bill provides for a number of significant actions. That area continues to be highly unstable, largely due to Arab aggression against Israel and Yemen. The volatile nature of the region's political situation requires us to give careful scrutiny to the measures provided for in H.R. 15750.

First, I would like to commend the Committee on Foreign Affairs for reporting out a bill which includes a provision that further U.S. contributions shall not be made to the United Nations

Relief and Works Agency unless the Agency takes all possible measures to assure that no part of the U.S. contribution shall be used to furnish assistance to any refugee who is receiving training as a member of the Palestine Liberation Army. Over the last 17 years, the United States has contributed nearly 70 percent of UNRWA's budget, and it is entirely inappropriate for those funds, or any U.N. funds, to be used to aid an organization which has as a stated goal the destruction of a U.N. member state. This is especially so in the case of the Palestine Liberation Army, which is dedicated to the destruction of Israel, the bastion of democracy in the Near East. Since its establishment in 1964, the Palestine Liberation Army has trained approximately 8,000 recruits. It is time for the United States to do everything possible to stop this immoral assistance to the Palestine Liberation Army.

The bill provides for continued U.S. aid for the United Nations Emergency Force. For 10 years now this force has been stationed on the armistice line between Israel and the United Arab Republic, and serving the cause of peace in the Near East. The force sets an example for a larger U.N. peacekeeping force, which may someday be instrumental in meeting the crises of international politics. It deserves our complete support.

The U.N. Emergency Force, however, has not been able to stop all the threats to the peace in the Near East. The worst culprit—the United Arab Republic—has continually threatened Israel and has been waging war for some time against Yemen. Action must be taken to curb this aggressor.

The committee's report expresses the view that "economic assistance should be withheld from countries which persist in policies of belligerence and in preparation for their execution." This is certainly correct. But why not write language into the bill itself and spell out the intent that it be directed at Egypt? Just over a month ago, the House adopted my amendment to H.R. 14909, the food-for-freedom bill, to help stop food sales to the United Arab Republic. Should not similar action be taken on this bill?

I urge the distinguished chairman of the committee to accept an amendment to the bill which will carry out the declaration of intent contained in the report.

On another question, Mr. Chairman, I also commend the committee for its action in making the Hadassah-Hebrew University Medical Center in Jerusalem the beneficiary of a grant of \$3 million Israel pounds. The Hadassah Center houses a comprehensive program of teaching, healing, and research. It has trained doctors and nurses from all over the world, many from developing nations in Africa and Asia. The center clearly meets the highest goals of our foreign aid program.

Mr. Chairman, let us look at the relationship of our foreign aid program to the conflict in southeast Asia.

As I have said repeatedly, I believe that the situation in Vietnam requires a political and not a military solution. If our involvement in that part of the

world has any humane meaning, it is our belief that we have a responsibility to help the people of Vietnam create a better life for themselves. For that reason, while I have opposed escalation of armaments in Vietnam, I have supported efforts to escalate economic development in that country.

Certainly the money which we have given to Vietnam under supporting assistance has had some beneficial effects. Schools have been built; farm output has been increased; small factories have been constructed; malaria has virtually been eliminated; and rural communities have been encouraged to start development programs of their own.

However, we delude ourselves and the country if we pretend that the \$550 million for supporting assistance included in this bill will help build a great society in Vietnam. For the fact is that virtually all of that money is needed to compensate for the crippling effects of the war. So long as the war continues at this intensity, it is a nonsequiter to speak of building a solid economy in Vietnam.

The precise expenditures for Vietnam in fiscal 1967 have, been kept secret for security reasons. But it seems fair to note that by far the largest single expenditure will be for the commercial import program, which in fiscal 1966 cost about \$370 million. This program does not offer any new assistance for the people of Vietnam—rather it is merely designed to keep them from sinking under the weight of inflation. The commercial import program has kept inflation down to 6 percent.

Other major expenditures include transport and logistics—\$38 million in 1966—public safety and police improvement—\$27 million in 1966—and programs to help the 2 million refugees displaced by the war—\$12 million in 1966. Indeed, only a tiny fraction of the \$550 million will be spent on the kinds of constructive programs which were so gloriously promised last February at Honolulu.

Mr. Chairman, title VIII of the bill would provide for southeast Asia multilateral and regional programs. The most exciting such program, to me, is the development of the Mekong Delta River Basin. For the moment, the Foreign Affairs Committee, as it says in the report, has simply authorized the President to utilize funds for various technical studies of the region, but I would very much hope that in the next year we would begin to prepare to join in the financing of a large-scale regional project of whatever size the war makes physically possible.

However, Mr. Chairman, I think it is important to note that no funds are specifically authorized for title VIII. Rather, "the President is authorized to utilize funds otherwise available to carry out the provisions of part I of this Act." I would have preferred to see money specifically authorized for regional programs. This cross-bookkeeping procedure merely once again underlines the fact that the emergency situation in southeast Asia has caused the abandonment of some highly important projects.

In summation, Mr. Chairman, while I have reservations about some aspects of our aid program, I continue to believe in the importance of America's efforts to help the nations and the people of the world to help themselves. We should do so partly because it is practical, but primarily because it is right. The new Foreign Assistance Act contains measures—for Latin America, for southeast Asia, and for aid to universities—which, I think, mark the creative and progressive direction in which our aid should be headed. In supporting the foreign aid bill today, I do so with the especial hope that measures like these will be pursued and expanded in the future.

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota.

(Mr. BERRY asked and was given permission to revise and extend his remarks.)

Mr. BERRY. Mr. Chairman, before focusing attention on one specific region where U.S. assistance has played a major role in foreign affairs, I would first like to take this opportunity to commend the chairman of the full committee and the chairman of the Middle East subcommittee for their absolute fairness in handling the committee's consideration of this measure and in particular the fairness shown to those of us who disagree with their philosophy of this program. Both chairmen have leaned over backward to be fair and to recognize all of us and our feelings.

Obscured by the present war in Vietnam, a major threat to peace and stability is growing in the Middle East, nourished to a high degree by U.S. foreign aid. Since 1945, the United States has poured more than \$23.5 billion in economic and military assistance into the Mideastern countries. Today, we are asked to appropriate \$799 million, bringing our total assistance package to more than \$24 billion in the past 21 years.

My chief purpose today is to urge important changes in our Middle East aid program which has failed to achieve its stated purposes. Specifically, three areas deserve special attention: first, the failure of our aid program to halt Soviet penetration in the Middle East; second, the escalation of the arms race in the Middle East due in great part to inconsistent U.S. policy; and third, the fraudulent abuse of U.S. funds in the refugee programs chiefly executed by the United Nations Relief and Works Agency.

U.S. AID AND SOVIET PENETRATION

No one has failed to miss the growing friendship between many Middle Eastern countries and the Soviet Union. The recent visit of Soviet Premier Kosygin to the United Arab Republic and the Syrian reception of Vietcong and Red Chinese delegations both underscore the failure of U.S. aid to deter the advance of direct Soviet influence in the Middle East. The news headlines of the past year have carried repeated evidence of the Soviet's desire to organize an alliance of armed radical governments in the area. In the past year, also, evidence of Soviet military deliveries to Egypt, Syria, Iraq, Algeria, and Yemen has been reported.

Our Assistant Secretary of State for the Near East and Asia recently toured the Middle Eastern countries and was shocked by President Nassar's pro-Vietcong attitude and his repeated charges of "America aggression" in Vietnam.

Yet, the United Arab Republic has received more than \$1 billion in assistance since 1945, and even last year received \$55 million in food aid after telling the United States it could "drink the waters of the Red Sea." It is noteworthy that this assistance was approved by the State Department after Congress had adjourned.

This action was taken after Nasser had pledged to purchase \$6 million worth of corn from the United States, paying for the food in dollars. Aid to Egypt was therefore reinstated despite the admission by Egyptian officials that several years ago corn was diverted from the people of the country and was sold, to obtain revenue for arms purchases. The action was also taken in face of a Government Accounting Office report that Egyptian officials had fraudulently represented their Government in the previous corn transactions. Yet, the United Arab Republic President has "demanded"—and I use his word "demanded"—assistance totaling \$150 million for the coming year.

But the effects of our failure to halt Soviet penetration do not simply mean a closer Egyptian-Russian friendship. Drawing strength from Soviet aid, President Nasser has established a beachhead in Yemen and has brazenly allied with a minority in Yemen against the favored majority of the small Arab nation which does not want Nasser's so-called Arab socialism, a fancy phrase which actually covers naked totalitarianism and hybrid variety of communism.

Despite the agreement between King Faisal and Nasser to withdraw Egyptian troops from Yemen; they remain. Ironically, the cost of maintaining Nasser's war machine in Yemen is approximately \$150 million a year, the identical amount he has "demanded" from the U.S. foreign aid package.

It is not coincidence that the United Arab Republic attempts this blackmail at a time when we are focusing attention on South Vietnam. But the most astounding fact is that the United States through its Public Law 480 assistance is actually enabling Egypt to carry on its militant activities and hostile adventures throughout the Middle East.

But evidence for Soviet penetration in the United Arab Republic is not alone. The Moscow embrace has now extended to Syria which has become virulently anti-America and now boasts of a "war of national liberation" against Israel. Yet Syria has received \$83 million since 1945, and received \$1.1 million in economic help last year. Moscow, however, recently scored a coup in Syria, hopes the country will be the first Arab state to recognize East Germany, and has been able to have the Syrian Government legitimize the Communist Party. We are also aware of the recently purchased ultramodern jets by Syria from the Soviet Union. Jets were also sold to Iraq, a country which has received nearly \$100

million since 1945, \$6.5 million last year alone.

The Soviet influence has also taken indirect forms despite U.S. assistance efforts. In 1963, the United Arab Republic carried on a \$149 million yearly trade with North Vietnam. In 1964, that trade had jumped to nearly \$600 million per year.

But what does all this mean to the U.S. aid program which is before us today?

First, it means that a \$23.5 billion effort has failed to block Soviet penetration and bolster U.S. influence in the Middle East which are the principles upon which the program is built.

Second, it means our aid enhances Nasser's strength and prestige at home and abroad, perpetuates his power and provides revenue for military purposes.

Third, it means we are aiding middle eastern countries who are pronouncedly anti-American, who attack our foreign policy in southeast Asia, and who actually carry on lucrative foreign trade with our enemies.

Last year during House debate on this measure, advocates of aid to nationalizing countries and countries trading with Communist bloc countries saw little wrong with continuing aid. I doubt that argument would sit well with our troops in Vietnam who see American fliers fight Soviet built Mig-21's in the Far East and yet see American taxpayers help Arab countries purchase Mig-21's in the Middle East.

Congress saw through this smoke-screen last year. No one can miss the aims of the United Arab Republic, no one can miss the desire to move their troops into Aden once the British evacuate, no one can miss the growing Syrian-Russian alliance and general Soviet penetration. Why, I ask, Mr. Chairman, should the American taxpayer continue to subsidize this area in light of the recent evidence that our program has not met its objectives?

U.S. AID AND MIDDLE EAST ARMS ESCALATION

Another major objective of the U.S. AID program in the Middle East was spelled out by the Assistant Secretary before the House Foreign Affairs Committee. He said, in part:

It remains our policy to support the independence and integrity of all states in the area. We continue to work with them in helping bring about the conditions of stability in which an enduring Middle East peace can be achieved.

Unfortunately, the arms race aided by U.S. funds threatens regional stability and world security. The United States is contributing heavily to arms escalation.

The past few weeks' headlines carried the details of the President's decision to sell planes to Israel, a move which has grave military importance. For the first time, the United States has given Israel offensive weapons, not defensive ones. Once again, the American taxpayer is footing the bill for the costs of these shipments and once again the Middle Eastern tension is heightened.

The aid only increases the territorial desires of the neighboring states. What was originally designed as assistance to create a peaceful equilibrium in the Middle East has now become an arms

race pitting the Soviet Union against the United States. Neither, certainly, desires a collision in the area, but the continuing aid may make such a confrontation unavoidable.

THE HIGH COST OF A FRAUDULENT REFUGEE PROGRAM

Since 1959, American taxpayers have contributed more than \$288 million to the United Nations Relief and Works Agency which deals primarily with the problem of Palestinian refugees. This year \$—— is being requested for the program. UNWRA has repeatedly failed to rectify the relief roles and this contribution, intended originally to aid war refugees is now aiding the third generation of the original recipients. Among the people now receiving rations are 10,000 members of the violently militant PLO—Palestinian Liberation Organization—which has the sole purpose of fomenting trouble in neighboring countries. Funds sent to the U.N. by the United States are actually supporting Arab refugees who are trained by Arab armies, and are providing rations for aggressive forces—not educating or feeding the majority of the citizens of the recipient countries.

The U.N. Organization has attempted to purge the relief rolls but the task is nearly impossible and little headway has been made. Meanwhile, we foot the bill as usual. Our contribution must be cut. There is absolutely no justification for using American taxpayer's money to support, feed, clothe, and shelter liberation armies in the Middle East.

THE 620 (I) VIOLATIONS

Among the more important problems, Mr. Chairman, are the violations of clause 620(i) in the foreign assistance authorization which suspends assistance to any country which the President determines is engaging in or preparing for aggressive military efforts against the United States or other countries receiving assistance under the AID program. Despite the detailed evidence of open hostilities in the Middle East against other recipient countries, U.S. aid continues. Insidiously searching for loopholes in the law, the State Department has funneled aid to nations which are obviously outlawed by the 620(i) provision. It is time Congress strengthened this clause and assumed more authority for determining when a nation cannot receive aid. What Congress and the American people clearly spot as open violations of this provision have been ignored by the administration.

We have seen the administration play politics with our money in the Middle East for too long. It has not stopped aggression, it has not kept the peace, it has not halted drives of liberation and hostilities between nations, it has not stopped Soviet penetration, it has not coped with the alarming problems of refugee fraud and arms escalation. In short, the program has failed to a very great extent and deserves complete reappraisal and reduction.

(Mr. BERRY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, the debate over the 1966 Foreign Assistance Act comes at a time when the importance of such a program can be dramatically reinforced in the case of a new democratic nation in our own hemisphere. I speak of Guyana, formerly British Guiana.

On May 26, British Guiana became Guyana, the third British colony in the Western Hemisphere to achieve independence peaceably.

The birth of Guyana as a free and independent state can only be greeted sympathetically by the older nations of America. All the Latin American Republics as well as the United States have experienced colonial rule, and rebelled against it. Hence, we can understand the ardent desire of the Guyanese people to captain their own destiny.

At the same time, Great Britain deserves the commendation and appreciation of the entire American community for the responsible manner in which it has divested itself of its outposts of empire in the new world—Jamaica, Trinidad and Tobago in 1962, and in May of this year, Guyana.

Guyana's future now rests, as it should, largely upon the decisions of its own citizens. Yet decades of experience have taught the American Republics that their individual fortunes are intricately entangled. The Organization of American States, the Inter-American Treaty of Reciprocal Assistance, and the Alliance for Progress demonstrate this recognition that the peace and prosperity of each American republic affects the course of events in the others. Thus, the nations of the hemisphere necessarily share a friendly interest in developments in Guyana.

It is to be fervently hoped that the Guyanese people can overcome the racial antagonism which has split the country between warring East Indian and Negro factions. That lamentable situation, which erupted into violence in 1963 and necessitated the intervention of British troops, debilitates the country's efforts to achieve peaceful progress.

Forbes Burnham, the Prime Minister, has encouraged racial amity and political discussion free from racial overtones. Burnham, a Negro, has shown considerable fairness in sharing political appointments between Negroes and East Indians.

However, it is by no means certain that Burnham's principal political opponent, Cheddi Jagan, former Prime Minister and a Marxist, will cooperate in Burnham's attempt to end the deep-rooted fears each race feels for the other. Despite his avowed Marxism, Jagan's political support rests with the East Indians who in the main are independent farmers and shopkeepers—those least likely to be attracted by Communist doctrines. The Negro proletariat, on the other hand, which might be expected to be responsive to Jagan's political orientation, has supported Burnham who attacks Jagan for his espousal of Communist theories. Meanwhile, the East Indian portion of the population is growing faster than the Negro. If Jagan sees

his chances for election in the future in maintaining the bloc support of the East Indians, he may continue to encourage the division of the Guyanese electorate on racial lines.

British troops, which have been instrumental in keeping order, will probably withdraw before the end of the year. Then the real test of the Guyanese ability at self-government will begin in earnest.

Even if racial fears and suspicions can be ameliorated, the job of economic development remains a difficult one. The name Guyana means "land of waters" in the local Indian language. The country, about the size of Idaho, is part of the watershed system of the Amazon and Orinoco Rivers. As such, Guyana is traversed by rivers carrying huge quantities of water to the ocean. Heavy rains result in extensive flooding all over the country. The maintenance of seawalls, canals, and sluices currently consumes half the national budget.

In an effort to help Guyanese development, Britain, Canada, the United Nations, and the United States provided about \$24 million in aid in 1965. I understand that over the past 2 fiscal years the United States has contributed approximately \$10 million each year to Guyana and its development. For fiscal year 1967, this sum will remain about the same. The Government of Guyana has now produced a 7-year development plan calling for the expenditure of \$174 million, almost two-thirds of which will have to come from foreign sources. The plan is not as useful a guide as might be hoped, but the World Bank—IBRD—will provide assistance to improve it.

In the past year, Burnham's administration has done much to clean up the financial mess left in the wake of disastrous strikes and riots and Jagan's mismanagement. It is to be profoundly hoped that Jagan's mischief can be held in check so that the work of reconstruction and development can go forward.

In the meantime, the continued cooperation among Britain, Canada, the United States and the United Nations with Guyana provides the foundation from which the new nation can overcome its internal tensions and assume a progressive role in the hemisphere.

It is quite obvious that Cheddi Jagan is waiting in the wings, eagerly hoping that the present democratic government will be unable to solve the pressing economic and social problems which confront the impoverished little nation.

Mr. Chairman, in October of 1963, in this same Chamber, I pointed to the alarming situation in then British Guiana under the leadership of Marxist Jagan. I was sincerely heartened when the British Government decided to postpone the granting of full independence to the country until this year when a democratic government had been installed.

With passage of the Foreign Assistance Act of 1966, this Nation is provided with the opportunity to help a newly developing nation to correct the great social and economic ills which, left unsolved, could cause another Dominican crisis necessitating the dispatch of troops from Republics of the Western

Hemisphere. The money this country is setting aside for use by the Government of Guyana is indeed a wise investment in freedom and democracy in Guyana and in continued peace in our part of the world. It can mean the difference between a peaceful, free Guyana and another Castro-type regime in the hemisphere. In the latter case, it would be the first beachhead of international communism on the mainland of Latin America. This, we cannot afford.

(Mr. GIBBONS asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. WOLFF].

(Mr. WOLFF asked and was given permission to revise and extend his remarks.)

Mr. WOLFF. Mr. Chairman, I rise in support of H.R. 15750.

Mr. Chairman, in theory our foreign aid program is one of the finest expressions of traditional American concern with the well-being and progress of our less fortunate fellow men throughout the world.

In practice, it has often failed to live up to its glowing promise.

All of us in this body are aware of the recurring instances when ineptly conceived or administered foreign aid projects have made us a laughing stock and have given our Communist adversaries opportunity to poke fun at Uncle Sam.

I do not think the world's leading industrial nation, a nation that owes its wealth and power to the ingenuity and business acumen of its people, should fail as often as we have failed in our efforts to help bring other peoples to a standard of living closer to our own.

I believe that in many cases the effectiveness of the assistance we give other nations has been severely limited because of poorly conceived, poorly administered, even capricious projects that have helped no one, least of all our image abroad.

Further, I hesitate to consider an authorization for foreign aid or for any other expenditure of public funds unless I am satisfied that such assistance achieves the maximum return for the nation involved and for the vital interests of the United States.

I have long had grave doubts whether many of our foreign assistance projects have been based upon commonsense business principles. I have long felt that the many instances where projects have failed occurred because the abundant expertise of our private sector was not consulted.

For these reasons, Mr. Chairman, I sponsored and the committee approved the inclusion in this foreign aid bill now under consideration provision for the establishment of a business advisory council, composed of American businessmen, to help pass judgment on assistance projects contemplated for a foreign nation under the AID program.

My proposal, which was incorporated in what is known as the Wolff-Morse amendment, is found at section 301(a) (3), International Private Investment

Advisory Council, and I commend it to the close attention of my colleagues. For within it, I believe, lies the ultimate success or failure of one of the greatest of our national undertakings.

I am not without experience in the foreign aid field. I have seen AID missions in operation in dozens of countries and in many critical areas. Just last November I observed our AID programs in Vietnam, and it is my observation that the program needs assistance from people of the private sector who have achieved success in the practical survival school of experience from which every businessman must graduate if he is to survive.

This is a school I attended for 25 years before coming to Congress.

Mr. Chairman, our foreign aid program has been characterized by too many bureaucratic generals. What the program needs is the advice and counsel of a few hard-working sergeants. Their experience is invaluable, yes, indispensable, to our success abroad.

I am greatly pleased to note the enthusiastic expressions of support that my proposal for a business advisory council has evoked from my Republican colleagues as well as from those on my side of the aisle. I was happy to collaborate with my colleague BRADFORD MORSE, of Massachusetts, in bringing this measure into its final form.

Yet the fact that this proposal has met with widespread approval should not obscure the possibility that it won't be effective unless it is closely monitored by the Congress to insure that it is being put into practice by the Administrator of the Agency for International Development.

Frankly, the working of the bill is not as strong as I would have liked. I would prefer that it be made mandatory that every foreign aid project be reviewed by a council of businessmen with actual experience in the field involved. However, I believe that frequent prodding of AID by the Congress can insure that the proposal becomes a reality under the legislation we are considering today.

Mr. Chairman, I believe American business and industry, which has brought this Nation to the position where it is able to help less favored areas throughout the world, will rise to this challenge and provide a cadre of business leaders to supply the judgment and experience necessary to make good, sound, loans and grants in the national interest.

Mr. Chairman, my proposal would substitute expertise for innocence.

Let us apply the tough judgment of proven businessmen to our program of assistance to friendly nations.

Let us combine idealism with practicality.

Mr. Chairman, although H.R. 15750 does not satisfy every requirement we may have for a perfect program of foreign aid, on balance I do believe, if administered properly, it will help to provide the climate necessary to accomplish the desired objectives and I support the bill. I urge my colleagues to do the same.

Mr. MORGAN. Mr. Chairman, I yield 8 minutes to the gentleman from California [Mr. MOSS].

(Mr. MOSS asked and was given permission to revise and extend his remarks.)

Mr. MOSS. Mr. Chairman, when I vote, as I shall, in support of the recommendations of the Foreign Affairs Committee for a continuation of our foreign assistance programs, it will mark the 14th year I have given such support. But, Mr. Chairman, this is the first time that I have requested an opportunity to discuss the legislation, because quite candidly, it is the first time I felt fully qualified to add substance to the dialog.

I also fully support the 2-year authorization contained in this bill because of my conviction that longer—not shorter range planning—will contribute greater efficiency. The responsibility of the Congress—and of all three committees in this body sharing that responsibility—should be one of continuous review of program management. The annual exercise in semantics that takes place on this floor does not resolve that solemn duty in any regard whatsoever. That is one reason why I stand before you in the well of this House today.

For the past 4 years I have been privileged to serve as the chairman of the Subcommittee on Foreign Operations and Government Information of the House Committee on Government Operations. I followed in this chairmanship a distinguished predecessor and a valued and valuable colleague, my friend from Virginia, Congressman PORTER HARDY.

In undertaking the role of chairman, I proceeded with caution and care to assemble first a staff fully competent to meet the many and varied demands occasioned by the great diversity of assignments given the committee under the rules of the House. I am proud of the caliber of the staff. I take pride in the accomplishment of the committee to date.

Our first project—an examination of the staggering accumulation of so-called counterpart funds held by our Government around the world—resulted in a unanimous report which was in every sense constructive and worthwhile. Reviewing that report, no Member can charge either that it was partisan or that it failed to aid in improving administration of the accumulated funds.

Our second major undertaking in the field of foreign affairs related to the activities of NATO and the NATO infrastructure funding practices. That report is presently in preparation. Delay was necessary because of the intransigence of the French President necessitating most critical reevaluation of tentative conclusions by the subcommittee.

I come now, Mr. Chairman, to the more recent—more precisely—the current activities of the subcommittee; commencing in December. Initial inquiries were made regarding the U.S. foreign aid programs in Vietnam. Let me at this point emphasize, most emphatically, that I favor our aid program to the Government of Vietnam because the alternatives available are not attractive, nor do I find them in the interest in the continuing security of the United States.

Mr. Chairman, the United States is really fighting three wars in Vietnam—a military war, a political war, and an economic war. It would be senseless to win one without a victory in the others. In fact, in my opinion, it would be impossible. I believe our economic aid effort is essential to help win the economic war in Vietnam and a viable economy is a must to political victory.

Because of this, I am supporting the foreign aid bill. I do so, despite the fact that I have misgivings over the adequacy of planning by those responsible for the programs now being funded by American dollars. I question the adequacy of controls and of end-use audits in the overwhelming number of instances of aid programs instituted in that unhappy country.

Mr. Chairman, when we made our inquiry in late December and in early January, we were shocked to find that the General Accounting Office had not physically been present in Vietnam for a period of more than 3 years and had no effective program of field audit underway in Vietnam—I am glad to say that situation was almost immediately corrected. A team was dispatched—progress has been made, but I am certain I bespeak the consensus of the committee that we will not be satisfied until the Comptroller General has ordered a continuous presence of the GAO in Vietnam.

Mr. Chairman, when we made our initial inquiry, we learned that the Inspector General's office of the Department of State, specifically created at the insistence of my predecessor chairman of the Foreign Operations Subcommittee and the distinguished chairman of the Foreign Affairs Committee, had not been present in Vietnam for more than 16 months. This situation was also immediately corrected and the AID mission in Vietnam has been favored with his presence or that of his staff on at least three occasions in the intervening months.

We were also surprised to learn of the inadequacy of management inspection personnel in Vietnam. This was called to the attention of AID officials in Vietnam and steps have been taken to improve the situation—but I emphasize that the steps are not adequate. Mr. Chairman, I do not want to infer that the program is in hands of incompetents or knaves—they are in fact able and dedicated in the main. Rather, I emphasize the nature of the joint responsibilities of the Congress through its committees and the Executive to act prudently to never accept the statement, "There is a war going on out there," as justification for failure to expend the public dollar in order to produce full benefits. The American taxpayer has the right to expect at least that.

I recognize the great difficulties involved in expanding a program from \$110 million to almost \$600 million in 4 years. No corporation, however large or competent, could do it with efficiency—most would be reluctant to undertake an expansion of that magnitude without first recruiting and training their management and operating personnel.

Unfortunately, and, unhappily, Governments are faced with needs more pressing than needs which characterize our business enterprises—nevertheless, the impossible cannot be achieved, no matter how great the task of planning. However, there are serious defects in the premise upon which some of the planning is predicated.

The most serious, in my judgment, is that in operating the commodity import program. We allow the free economy of Vietnam to determine its scope. What free economy? Where in the Orient is the economy as free in the sense we Americans are accustomed to regarding? Or more appropriately, where does it meet our definition of a free economy?

The interrelationship of business in the Orient is perhaps more intricate—more difficult to unscramble—more bound in the nature of cartels and the urge to seek to exploit every speculative potential than business anywhere else in the world.

Mr. Chairman, I am confident I speak the consensus of the seven Members who accompanied me to Vietnam and who faithfully spent many hours in detailed hearings—that the program requires the use of experienced and highly competent commodity analysts if it is to respond to needs of the people of Vietnam—and if it is to aid in stabilizing their economy and creating, in part, the warmth of regard for the United States which we seek as we aid that country to freedom.

The commodity import program for Vietnam, which in the past fiscal year involved the expenditure of almost \$400 million, represents almost two-thirds of the total U.S. economic aid program in Vietnam. Spending for the present fiscal year is projected at an even higher level. Yet these enormous quantities of U.S.-financed goods are being poured into Vietnam without proper determination of the real needs of the Vietnamese economy—and without adequate checks on the quantity and quality of the goods as they arrive in Vietnam—or on their ultimate end use. As recently as 1 year ago, only one officer was assigned to the Commodity Import Division of the AID mission in Saigon and at the time of the subcommittee's visit to Vietnam in early May the total staff of the Commodity Import Division—responsible for administering a program of \$400 million—was 7 men out of a total of some 800 Americans employed by AID in Vietnam.

A high official of the mission informed the subcommittee in May that "the objective of U.S. policy in spending this money is—to control inflation." AID relies largely upon the applications of those importers whose names are on an approved list maintained by the Government of Vietnam to determine the quantities and types of goods that are to be imported. Checks on the reliability of the importers—either by the Government of Vietnam or by AID—are virtually nonexistent. The subcommittee was told, and I quote:

This is the best system under the criteria which we have established in Vietnam as the basic purpose of the Commercial Import Program—that is, to meet the market demand for commodities to prevent inflation.

Mr. Chairman, in my opinion, the reliance of the U.S. Government on the unrestrained workings of a questionable free enterprise system—in order to determine the quantities of goods that are to be imported in Vietnam with U.S. financing—is naive to the point of being ludicrous under the circumstances that presently exist in that country. The much-publicized importation of excessive quantities of unisol 100—a chemical which is normally used as a blowing agent in the manufacture of rubber but which was subsequently discovered to have great explosive power—is just one example of the manner in which the commodity import program, with the present lack of adequate commodity analysis and end-use checks, can be used to subvert the goals of the Government of Vietnam and the United States.

The hoarding of imported goods for speculative purposes in a rising market, which has taken place due to a lack of proper surveillance over the program, is another example of this. Since 1955, we have pumped \$17 billion worth of consumer goods and raw materials into Vietnam. This amounts to 80 percent of all the economic aid which we have sent to that country during the past decade.

As it now stands, we have no way of knowing whether we are sending 5 or 10 times the national requirement of Vietnam for any specific commodity. Although the program is designed to fight inflation, it may have even the opposite effect. The record shows the cost of living increased about 50 percent last year.

In effect, we are subsidizing a group of importers—not the Vietnamese people. Our commodity import program should be based on the real needs of the people, determined by proper study, rather than the orders submitted by local merchants, who often are more interested in making a fast dollar.

It appears also there was a general abdication of responsibility for the audit and review of the U.S. aid programs prior to the inquiry of the subcommittee.

The adequacy of the audit function of the AID mission in Vietnam had deteriorated in fiscal year 1966 to the point that it no longer served as an effective management tool to AID officials in Vietnam and Washington. I am pleased to report that in recent months since our inquiry began there has been a substantial increase in the audit and review activity in Vietnam by these agencies and other offices also having responsibility in this area. However, the audit function in the Vietnam AID mission still leaves much to be desired.

Despite an increase in the AID audit staff in fiscal year 1966, the accomplishments were astonishingly disappointing. The number of U.S. auditors went up from 9 to 17, but only 3 audit reports were issued. Sixteen other audits were completed in fiscal year 1966—some for as long as 10 months—but no reports were issued. That is an incredibly poor record and illustrates the pressing need for proper end-use checks of our assistance. If there are not enough AID auditors in Vietnam to do this job, then they should be sent there immediately. This is the largest single AID program

that we have in the world, so it demands proper administration.

Subcommittee investigation disclosed that these reports were being unnecessarily delayed by meaningless updating, were not being reviewed in a timely manner by the director of the AID mission in Vietnam. In addition, the recommendations were not being acted on promptly and vigorously.

One example which demonstrates the case in point pertains to the AID audit of the \$15 million loan accounts receivable of the National Agricultural Credit Office in Vietnam. This audit disclosed significant findings which were highly critical of the AID monitoring of the program. Only 33 percent of all of the outstanding amounts which were due in 1964 or prior years had been collected.

Although the audit was given top priority by the previous director of the AID mission and was completed in early November 1965, the draft report was not reviewed by the present director until February 1966. He did not issue a formal order implementing the recommendations until June.

AID management advised the subcommittee during its visit to Vietnam in May that the issuance of the final report had been delayed so that it could be updated to include more recent and more meaningful figures. But our review of the draft report and the final report showed no evidence of any such updating. There were only minor word changes and a slight alteration of the format.

Simply put, this report apparently was buried until we demanded something be done about it. As a result, the report was disinterred. Hopefully, the mission will now act to put at least one project in proper order.

Mr. Chairman, I have already stated that I will support the economic portion of the AID bill despite my serious misgivings over the administration of the commodity import program and other activities. I feel the alternatives at this time are much less attractive and not in the Nation's interest.

But I am putting the administrators on notice that if the commodity import program—in Vietnam—is not straightened out and improved in the next year, I will offer an amendment to the next foreign aid bill—or urge the Appropriations Committees—to prohibit any commodity import program that is not based upon detailed commodity analysis by qualified experts.

I promise this House that the Subcommittee on Foreign Operations and Government Information, in cooperation with the Committee on Foreign Affairs, will continue the closest surveillance over management practices. The Reorganization Act charges us with responsibility to follow programs to determine their economy and efficiency of operation. This is an important function of the Congress that is the particular responsibility of the Committee on Government Operations. I—so long as I remain chairman—will honor that duty with great care.

I want also, Mr. Chairman, to pay tribute to the minority Members who

traveled with me and the staff to Vietnam, to Taiwan, and to Thailand. I am sure that if it is necessary to follow up our previous investigation with another inspection trip to Vietnam this fall or next spring, it will be undertaken with the same determination to improve this program, and thus in one way to contribute to the resolution of this war.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I will be most pleased to yield to my friend from Connecticut.

Mr. MONAGAN. I thank the gentleman for yielding.

As a member of the Committee on Foreign Affairs, and also as a member of the Government Operations Subcommittee headed by the gentleman from California, and as one who shared in the recent trip to Vietnam which the gentleman is describing, I should like to express my appreciation for the work that has been done by the Moss subcommittee, in the character and quality of the hearings that were held in Vietnam and also to express my gratitude for the attitude toward aid program administration that the chairman has taken, which has been a constructive one, and one which has not sought to make headlines, but primarily to achieve results and efficiency of operation. Some of these purposes, I am very happy to say, have already been achieved. I am confident that many more will be achieved and, as a result of the activities of the subcommittee, that the operation of this program will be greatly improved.

Mr. MOSS. I thank my friend for his very generous remarks.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. HALPERN].

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. HALPERN. Mr. Chairman, I wish to express my support of the principles contained in H.R. 15750, the Foreign Assistance Act of 1966. I do have reservations about certain aspects of the bill which I will mention in my observations today.

First, I want to emphasize my support of the concept of the foreign assistance program, now in its 18th year, represents the American response to the world challenge of the mid-20th century, the challenge to provide a better life for peace-loving people the world over. Our response has been thoughtful, generous, and effective—and this year's assistance act, carefully amended and adjusted by the Foreign Affairs Committee, is an improvement of an already outstanding program.

The bill authorizes \$4.1 billion for each of fiscal years 1967 and 1968; \$1 billion for development loan funds and \$850 million for the Alliance for Progress for each of fiscal years 1969 through 1971.

These authorizations combine both economic and military assistance to further our dual aims of aiding the peaceful economic and social development of the poor nations, and bolstering the military posture of the non-Communist states.

We are helping the developing nations to take off into sustained economic

growth, to provide a better life for their citizens. Military assistance strengthens this endeavor by giving these nations a sense of confidence, a climate of security from outside aggression, an ability to defend themselves, and freedom to devote their energies to constructive development of their own land and people.

This year's act makes several major revisions in the Foreign Assistance Act of 1961. One significant change is the authorization of funds for 2 years rather than for 1. I have some reservations regarding the advisability of this extended authorization. Our assistance program, commendable as its objectives may be, is admittedly very complex, and the international picture changes so unpredictably that I would have to give considerable evaluation and be fully convinced before I vote for the extension. Proponents for the 2-year authorization contend that each Congress is assured an opportunity to review the foreign aid program while the longer period of authorization allows for greater continuity in planning. It will permit the Congress, they point out, to explore more thoroughly, and to discuss at greater length specific operations of our aid program. Congress, however, will not relinquish its guiding and defining role in foreign assistance since annual appropriations of funds will still be necessary following a comprehensive review by the Committee on Appropriations.

There is much to be said, however, for the approval by the Foreign Affairs Committee of a 5-year authorization for the Alliance for Progress and the Development Loan Fund. Long-term authorizations demonstrate our sincere commitment and support of such worthwhile projects. Development loans are the heart of our foreign aid venture. They enable developing nations to help themselves, to utilize their dormant resources, to concentrate on basic reforms such as transportation, housing, sanitation, education, and hospitals. Under the Marshall plan, more than 90 percent of our aid was furnished in the form of outright grants. Today, however, over 65 percent takes the form of loans; and 92 percent of the commodities financed by AID in calendar year 1965 were procured in the United States. Our aid program therefore has been beneficial not only to the recipient but to the donor as well.

I also commend the committee for not placing a limit on the authorization of military assistance funds to finance our NATO commitment. Since we must shift our NATO facilities from France to a more hospitable region, and our national security requires prompt action, the President deserves free rein in this matter.

In another area of national security, mainly the war in Vietnam, I agree with the committee on the importance of social and economic progress in achieving U.S. foreign policy objectives of peace and stability in southeast Asia. I am in agreement with the expanded effort proposed by the committee for regional and multilateral cooperative approaches to the social and economic development of the region. I wholeheartedly approve section 103(c)(3) which grants \$1 mil-

lion in Israel pounds to the Hadassah-Hebrew University Medical Center in Jerusalem. In my statement to the Foreign Affairs Committee on this subject, I pointed out that this institution is administered by Americans, staffed by American physicians, and supported by charitable funds from the nonprofit Hadassah organization in the United States. The medical center houses a comprehensive program of teaching, healing, and research in medicine, dentistry, nursing, and pharmacology. Many of its students come from outside of Israel, representing countries from Africa and south Asia. This worthwhile project truly deserves our support.

This year's act, as in previous years, authorizes U.S. contributions to the U.N. Relief and Works Agency for Palestine Refugees. However, it is fortunate that the committee qualified the authorization. The bill now states that no further U.S. contribution can be given to Palestine refugees unless the Agency takes all possible steps to prevent U.S. funds from aiding refugees who are training as members of the Palestine Liberation Army. I concur completely with the committee's denial of funds to this organization preparing to send Arab terrorists to join Communist forces in Vietnam.

I have pointed out sections of the bill which I have found to be particularly noteworthy and laudable. However, I believe that other parts of the bill need clarification, especially those concerning U.S. assistance to the United Arab Republic. The present bill and the accompanying committee report allude to or mention in at least five different places qualifying conditions on aid to Nasser's United Arab Republic. Furthermore, these conditions are vague and therefore permit too much leeway for differing interpretations. The patchwork of restrictions is inadequate. We need a separate section of the bill to delineate precisely our policy toward the United Arab Republic.

Congress has tried for a number of years to limit U.S. aid to the United Arab Republic but has been largely unsuccessful. The State Department, although quite aware of congressional intent, has consistently construed, or should I say misconstrued, aid to the United Arab Republic as essential to the national interest. We passed the aggressor-nation clause in 1963, but the State Department somehow concluded that Nasser's military ventures into Israel, Yemen, and the Congo were not of an aggressive nature. Nasser has scorned the United States, spurned our aid and spat in our face. He instigated riots which burned the J.F.K. Library in Cairo; he misused our assistance; he fomented unrest in the Middle East. Furthermore, he supports the Palestine Liberation Army which is arming Arabs to fight against our men in Vietnam. In the light of these and other actions, I will later offer an amendment to the bill before us which will curb aid to the United Arab Republic. I urge my colleagues to support me in this endeavor.

Mr. MORGAN. Mr. Chairman, I yield as much time as he may desire to the gentleman from Florida [Mr. SIKES].

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Chairman, I note in the report of the Committee on Foreign Affairs on H.R. 15750, the Foreign Assistance Act of 1966, now under discussion, a section entitled "Need for Replacement of Basic Equipment and Expediting Modernization." It appears on page 38. I have read this with particular interest and I commend the committee for its wisdom in calling attention to a very important matter. It does not appear to be generally known, but it is nonetheless true that an intense program of modernization on weapons and equipment has been carried out by Communist forces. In many areas their equipment is just as good as anything our forces possess. This decree of modernization is not always the case among the troops of our allies in the free world. Much of it is obsolescent or badly worn. Unfortunately, this situation is particularly true in the Pacific where our forces are engaged in a conflict extremely important to all of the free world. For it is there that the spread of communism must be stopped if it is to be stopped in our time.

The Communist forces in southeast Asia are increasingly well equipped with aircraft and weapons manufactured in Russia, in Czechoslovakia, or in Red China. In contrast, our staunchest friends in that area are using old equipment which certainly does not measure up to the newer Communist-built weapons.

There is every reason to seek to improve equipment all along the line in the hands of those friendly forces which on tomorrow may find themselves actively a part of the conflict. New and more modern aircraft, missiles, electronic equipment, even more modern rifles and tanks, should not be denied these countries. Obviously, there is a limit to what we can do. But we can do more, and I think the American people would have us do more toward improving the equipment of those countries already engaged, or most likely to be engaged, in the fighting on our side. By doing so now we may find in the future that we have saved lives, time, and money.

Mr. MORGAN. Mr. Chairman, I yield as much time as he may desire to the gentleman from Florida [Mr. HALEY].

(Mr. HALEY asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. HALEY. Mr. Chairman, as I rise once more in opposition to the continued wasteful misuse—constitutionally illegal misuse in my opinion—of taxpayers' dollars to finance the foreign aid program, I note that the confusion which has marked this program since its inception three decades ago is continuing unabated.

As debate on this foreign aid bill began yesterday, the distinguished gentleman from Pennsylvania, the chairman of the Foreign Affairs Committee, Congressman MORGAN, told us that we must accept the world as it is, and that it therefore is necessary that we must agree to a policy of aiding even unfriendly and inefficient countries if those who shape our foreign policy think this is in the national interest.

Using the thesis that foreign aid is a tool for carrying out foreign policy objectives, the able chairman of the committee tells us that it is necessary to spend some of these billions of tax dollars in some countries without regard to whether their governments are efficient or not. And he tells us also that we are confronted with comparable situations in deciding whether to aid governments hostile to our policies or governments which are on the payroll, if I may call it that, of the Soviet Union and Red China.

The gentleman from Pennsylvania has provided us with an unusually candid statement of foreign aid policies—or at least what he believes to be foreign aid policies—and I am certain that he was perfectly sincere in his every word.

But hear this: Almost at the same time we were hearing the opening statement of the chairman of the committee, Mr. William S. Gaud, who is Deputy Administrator of the Agency for International Development and has been nominated to be the Administrator, was giving the committee of the other body, which was considering his nomination, a somewhat different view of what Mr. Gaud believes to be foreign-aid policy.

Mr. Gaud told the Foreign Relations Committee of the other body, in answer to criticism of the farflung nature of the aid program, that he considered "performance" to be the primary factor in determining whether individual countries should continue to receive assistance.

If countries go off the water wagon, if they fail to make good use of their resources, if they are frivolous, or if they fail to make real efforts toward self-sufficiency, they should not receive aid, Mr. Gaud testified. He cited Brazil under the former Goulart regime as an example of a country denied aid because of such practices.

Now I ask you—does foreign-aid policy as stated to us by the chairman of the committee seem to be the same as the foreign-aid policy as stated by the man who will administer the program as we lay it down in this bill now before us? To me, they seem to be separate and distinct policies—and I submit that this is typical of the confusion and uncertainties which increase and multiply in this haphazard operation as the Congress continues, year after year, to reauthorize it. It is a program in which a vast host of right hands have no idea what an equally vast host of left hands are doing. This has led to misdirection and waste of both effort and money—it has, indeed, led to futility and even to chaos in some respects.

I must add—with all due respect to my earnest and diligent colleague from Pennsylvania—that of the two foreign-aid policies which I have just outlined, my preference is for that espoused by Mr. Gaud. If it is essential to the national welfare, which I doubt, and if it is necessary to attaining and keeping a peaceful world, which I also doubt, that we continue this checkbook foreign policy, then I would prefer that at least some discretion be exercised in determining who will and who will not get the proceeds of the labors of our taxpayers.

But in saying that I prefer the foreign aid policy enunciated by Mr. Gaud rather than that given to us by the chairman of the committee, I do not want to be misunderstood by anyone as having indicated in any way that I favor continuation of the foreign aid program. I am categorically opposed to this bill, as I have been to its predecessors and as I will be to its successors. But as a realist, not given to wishful thinking, I know that we are going to continue foreign aid for years to come. In that light, I would hope, at least, that we would draft legislation which would effectively tighten up the loose pipes and joints in this foreign aid mechanism and put an end to the wasteful practice of throwing hundreds of millions of our dollars into the pocket-books of nations which not only have no idea how to use the money, but which are outright hostile to us and on friendly terms with our mortal enemies, the world Communists.

Thus, I am particularly opposed to the provision in this bill which would provide a 2-year authorization for continuation of this program, for such an authorization would take away from the Congress its power to at least review, and try to stem, the reckless practices of which we all know—even the supporters of the program—exist in the foreign aid operation. I would remind you that next year, there will be a new Congress, a new House, and there will be many new faces on Capitol Hill. What we are asked to do here today is not to abdicate the responsibility of the 89th Congress in supervision of the foreign aid program, but to abdicate the responsibility of the 90th Congress to supervise it until it is in its last year.

I favor defeat of the bill. But if that cannot be achieved, I urge you to reduce to a single year the extension of the foreign program which it would authorize.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BINGHAM].

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Chairman, I am happy to rise in support of H.R. 15750, and I would like to join with others of my colleagues in complimenting the Committee on Foreign Affairs and its distinguished chairman, the gentleman from Pennsylvania [Mr. MORGAN] for the bill they have brought before us.

In many respects, it seems to me that the bill as reported to us by the Foreign Affairs Committee of this House is a far superior measure to the two bills reported out by the Foreign Relations Committee of the Senate.

For example, the bill before us provides for 2-year authorizations for most sections of the foreign aid program, with 5-year authorizations for the Development Loan Fund and the Alliance for Progress. S. 3584, on the other hand, would provide only a 1-year authorization in all fields. This would make it necessary to continue the burdensome procedure of review of the aid program, every year, by both Houses of Congress, not only at the

appropriations stage, but also at the authorization stage. Short-term authorizations of the program make it difficult for foreign nations to settle on decisions for long-term planning, which are needed if they are to make effective use of our foreign aid dollars. Long-term authorizations, on the other hand, represent a pledge of faith by the United States in the principle that, in our own self-interest, we should continue to help narrow the gap between the rich and poor nations of the world.

The amounts authorized by the Senate committee's bill fall consistently short of those in H.R. 15750, and indicate an unwillingness to join in full support for the program. For the Development Loan Fund, the House bill authorizes \$1 billion; the Senate bill only \$620 million. For technical cooperation and development grants, the House bill authorizes \$231,310,000; the Senate bill \$210 million. For the Alliance for Progress, the House bill authorizes \$850 million; the Senate bill only \$543 million. In all these cases, Mr. Chairman, the House bill is to be preferred. This is no time for us to be pennywise and pound-foolish in our foreign policy.

At several points in the Senate bills, attempts are made to set arbitrary limits on the number of nations which can receive particular kinds of aid—10 for the Development Loan Fund; 40 for technical cooperation and development grants; 10 for supporting assistance; 40 for military grants. Such arbitrary limits fail to take into consideration changing world conditions or changes in foreign nations' ability or willingness to participate in an effective development program. These limits would be likely to prevent us from demonstrating at least some interest, through token and programs, four in small and impoverished states, especially in Africa. Far preferable is the flexible approach of H.R. 15750, which permits the number of recipient nations to depend on the number of nations where an aid program is needed and will serve our long term interests.

Another novel provision in the bill as reported by the Senate committee is that the furnishing of aid to a country should not constitute a commitment for the use of U.S. forces. While I can understand the feelings which lay behind the adoption of that phrase, it seems to me it was an unnecessary addition, and I am glad that there is no such provision in H.R. 15750.

In several respects, the bill as reported out in the other body appears to reflect a trend toward a neoisolationist approach to the problems of the day, which may have been caused by unhappiness over the situation in Vietnam. This seems to me to be regrettable. The provisions of a bill of this kind should be considered on the merits and quite apart from the situation in Vietnam, except of course where aid to Vietnam is concerned.

The Senate committee was also concerned about the need to increase the use of multilateral agencies in the development process. Thus, it sought to impose

requirements that 15 percent of Development Loan Fund operations must be through international organizations, and that Alliance for Progress loans must have the approval of the Inter-American Committee for the Alliance for Progress. The purposes of both these provisos are admirable, but they should be stated as objectives, rather than rigid requirements.

There are certain additions in the bill as reported by the distinguished Foreign Affairs Committee which add greatly to it. I should like to commend particularly the gentleman from Minnesota [Mr. FRASER], for what I understand was his proposed amendment, which appears in the bill as title IX.

This new provision emphasizes the importance of encouraging the utilization of democratic institutions in determining the allocation of aid. The amendment does not contain any specific restrictions on the operations of the program, but it emphasizes our determination to support the growth of democratic institutions around the world. Such an emphasis is desirable, because it is not foreordained that aid to a country will result automatically in political progress toward the democratization of its institutions.

H.R. 15750 also includes a provision that would deny assistance from U.S. contributions to the United Nations Relief and Works Agency to Palestinian refugees engaged in the so-called Palestine Liberation Army. It is appropriate and necessary for us to emphasize that aid designed for refugees must not be diverted, especially for uses which would destroy peace in the Middle East.

On the other hand, I regret the provision in H.R. 15750 that no U.S. contribution to an international organization should be used for a project in Castro's Cuba. This amounts to an effort to earmark our U.N. contributions in certain respects and is in my opinion unwise. Even the Soviet Union has not attempted to tie such political strings on its contributions to the U.N. development programs. The whole purpose and spirit of the U.N. programs would be jeopardized if member states were to start trying to dictate where and how their contributions should be used.

Mr. Chairman, as we help struggling new nations achieve some measure of economic and social progress, it is well for us occasionally to think back to our own early days as a nation. Too often we are inclined to think that we made the grade alone.

The fact is that, beginning in 1776, we received crucial financial assistance from friendly European countries. By 1783, when the peace treaty was signed, our Nation had received loans from France, Holland, and Spain totaling \$9 million plus gifts—or as we would say today, "grant aid"—from France in the amount of \$2 million. These figures do not include the substantial value of military assistance received from France.

During the years following the peace treaty, our financial difficulties continued to mount, as our foreign obligations and arrears of interest increased. Additional

loans of \$16 million from Holland made it possible for us to meet some of our obligations of principal and interest, and France had generously remitted the interest on her loans up to the date of the peace treaty. Some of the aid we received from France was never repaid. Thus we cannot claim to have been an exemplary debtor.

By shortly after the turn of the century, our foreign obligations had grown beyond \$75 million. Development loans from various European countries went primarily to State and local governments, providing help for essential transportation, agriculture, public utilities, and new industry. In addition to foreign loans, development was furthered through the introduction of new skills, ideas, and livestock from England, France, Spain, and others. Foreign assistance was eagerly sought by the early Americans, as an essential factor in liberating our energies and talents for self-help.

It has often been suggested, Mr. Chairman, that the American people do not support the foreign aid program. In support of this, we have been shown polls where people answer "Yes" to the question "Do you favor a reduction in foreign aid?" just as they would to the question "Do you favor a reduction in taxes?" When I circulated a questionnaire to my constituents last year, I tried to see what the response would be to questions which differentiated between the types of aid given and the recipients, much as the aid agencies must differentiate in operating the aid program. I found that the people in my district, the 23d District of New York, showed a consistent general support for the program while showing a substantial understanding of the nuances involved in the various types of aid. I am sure this would be true in the Nation as a whole if the question were presented in terms other than all black or all white.

Thus, economic and technical assistance received the strongest support, especially when offered to Latin American countries, through the Alliance for Progress—87 percent in favor, 9 percent opposed, 4 percent undecided—and also when offered to important Asian democracies such as India—70 percent in favor, 21 percent opposed, 9 percent undecided—and the new nations of Africa—66 percent in favor, 21 percent opposed, 13 percent undecided. Military aid received substantial support when given to countries of military importance in defense against communism, such as Turkey—76 percent in favor, 17 percent opposed, 7 percent undecided—and countries threatened with aggression, such as Israel—75 percent in favor, 17 percent opposed, 8 percent undecided—but military aid to countries with no significant military strength was opposed in the district—42 percent in favor, 48 percent opposed, 10 percent undecided.

Mr. Chairman, I would like to join with others in complimenting the committee for including a specific provision for aid to the Hadassah Hospital near Jerusalem. I have visited this remarkable institution and it certainly deserves our support.

In conclusion, Mr. Chairman, I should like to pay tribute to the retiring director of the AID, Mr. David Bell. Our country, and the entire world, has been fortunate in having at the helm of this vital and difficult program one of the great public servants of our time. We wish him well in his new endeavors, where, fortunately, he will continue to devote his talents and energies to the achievement of a better life for our neighbors around the world.

Mrs. BOLTON. I yield 12 minutes to the gentleman from New York [Mr. FINO].

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, I rise in opposition to the foreign aid bill. I am not going to waste my time in debating whether or not we ought to make our commitments for 1 year or 2. I am simply against the program because we have seen its failures and waste repeated over and over again. We should have completely revamped and restructured this program a long time ago. But all we have done is to repeat the same mistakes and ignore all of the waste and the heavy cost to our American taxpayers.

Last year, when I first opposed foreign aid after 12 years of supporting it, I did so because I felt that foreign aid—which had worked in the late 1940's in Europe—could not do the same job in the underdeveloped, neutralist nations of Asia and Africa. My feelings in this respect have since been not only reaffirmed but aggravated as well.

Mr. Chairman, last year, I felt that our foreign aid programs in Asia and Africa were simply wasteful and ineffectual gestures of U.S. concern for the people of the nations involved. Now I am starting to feel that foreign aid, in all its many forms—and that includes much more money than we are voting on here today—is sort of a slush fund or Texas-size expense account to cover up the spiritual bankruptcy of this administration's foreign policy. This, in my opinion, is worse than waste.

Gone are the days when American policy had the dynamic thrust that probed for the future. Johnsonian foreign policy uses foreign aid as a slush fund to prop up petty dictators and other questionable regimes, the collapse of which would pinpoint the failure of administration policy. Such foreign aid will never get us anywhere but into trouble. It involves us in trouble by getting us committed to a regime we should not be committed to. Misused foreign aid sometimes eliminates our policy flexibility because we are bound to support a faltering regime in order to justify our foreign aid and pretend it was more than mere bribery.

Just take a look at Vietnam, Mr. Chairman. Since 1955 we have given Vietnam \$2½ billion worth of aid. It does not seem to me that this money ever did the people of South Vietnam any good. Most of it was stolen by profiteers and corrupt officials. The peasants know this, and I think it has affected their attitude toward the United States. It does not make sense to feed millions to the profiteers while antagonizing the people.

We have thrown our foreign aid around in southeast Asia like a drunken fool. We have sloshed it into Vietnam so carelessly that most of it—far from helping the people—has gone into Swiss bank accounts of corrupt officials, or been shipped back to France by Indochina's French banks, or channeled to the Vietcong through the black market.

In Vietnam, thanks to American aid, the rich are getting richer and the poor are getting poorer. I believe that our foreign aid program in Vietnam has, in some ways at least, undermined our war effort. I say this because our aid has fanned the fires of corruption and inflation, antagonizing the Vietnamese peasantry. Also, the way in which our aid funds have been diverted to profiteers and corrupt officials—and most importantly, to Vietcong pockets—has made us look stupid. It has made our Government look like a dumb, blundering Goliath. It has made people wonder if we are serious about our war effort in Vietnam.

Think about some figures for a few minutes. We have poured \$2½ billion into South Vietnam in the last 10 years. That is more than \$100 per South Vietnamese. Most South Vietnamese earn little more than \$100 a year, so this is big money. But what has it done? Very little. Most of it has gone to France, private bank accounts or to the Vietcong. I have written several times to Secretary of the Treasury Fowler concerning this problem, but the administration wants to try and pretend that the problem does not even exist.

In pouring money into Vietnam this way, the administration has served our cause badly. We have tainted our war. Our aid program has tied us to corrupt officialdom and profiteers, alienating the peasants, and playing into Vietcong hands. I am very sorry that the President of the United States had chosen as America's partner in Vietnamese redevelopment a man, Marshal Ky, who has declared that his hero in life is Adolf Hitler. We have become too involved with Ky. We have helped make Vietnamese government and finance into a "Terry and the Pirates" comic strip. By throwing vast quantities of money into that mess, fanning it into ever-mounting proportions, we have hurt our war effort by aggravating corruption and inflation in South Vietnam.

Mr. Chairman, listen to what Ne Win, Burma's Chief of State, had to say about huge U.S. spending programs in Asia:

This kind of aid does not help. It cripples. The recipients never learn to do for themselves. They rely more and more on foreign experts and foreign money. In the end, they lose control of their country.

That is what the Burmese leader fears if Burma took U.S. aid. Burma does not take U.S. aid. Burma is poor, isolated, provincial and secretive but, as the Washington Star said on June 27.

There are a lot of things wrong with Burma, but there is no graft or corruption among the top officials. They are not becoming millionaires and they are not acquiring fancy mistresses or Swiss bank accounts.

In the long run, Burmese pride may be a better bastion against communism than South Vietnamese corruption.

After all, is South Vietnam any richer than Burma if you strip away the dance-halls, black market stores, and the like?

Mr. Chairman, another problem of our present aid program is that we wastefully shovel money to different places without worrying where it is going. I think this administration is much more concerned with seeing that government X gets its yearly payoff than in seeing that the money is put to good long-term use. After all, if we insisted that the money be used well, we might alienate the two-bit air marshals and other pompous leaders our Government is playing games with.

My point is this. The reason our aid is wasted is that no precautions are taken to see that it is well used. All our Government cares about is "paying off" the foreign governments to buy short-term support. We are very reluctant to check further. Strict foreign aid criteria would antagonize our "friends" like Marshal Ky and the assorted anti-Semitic Arab potentates. We use aid to keep our foreign policy chickens from coming home to roost.

Eventually, these chickens must come home to roost. When a revolution topples a corrupt regime we were supporting, all our aid is wasted because it went to pay for mistresses and Swiss bank accounts instead of helping people.

Frankly, I do not like the idea of spending money abroad so long as there are poor people in America—and we will always have them, even after this poverty program stunt is dead and buried. Nevertheless, for the sake of politics at least, I think we are going to have to help the poorer nations of the world. But the Johnson administration aid program does not do this. Under the Johnson administration, foreign aid is used to bribe other countries to stick with our bankrupt policies. This type of aid does not help people. It just perpetuates inadequate policies, and wastes money.

To my mind, Mr. Chairman, one of the best examples of pouring money into a bottomless drain is our aid to India. The economic problem of India is so bad that very stern measures will have to be taken to get that country on its feet, but India just wants to bumble along. The United States does nothing to stop this. We just keep giving India money to postpone the day of reckoning. We do not insist that the money be used well. Insistence might antagonize the Indians. Frankly, if the money we spend gets no results, then I say, let us stop spending it.

I oppose aid to India because the money we spend is too inconsequential and wastefully administered to get any results against the backdrop of India's overwhelming economic problem. If India is friendly today—and they are only friendly by comparison with their prior attitude—this new attitude reflects their border dispute with Communist China. Communist China helped our relations with India a lot more than foreign aid ever did. When India turned against Communist China, we promptly gave India military aid. Secretary McNamara gave the Indians a munitions factory. What happened? India and Pakistan fought each other with U.S. military

hardware and only Red China profited. On top of this, it turned out that we had an ammunition shortage, and could have used the factory ourselves, but that was typical McNamara military aid planning.

Sometimes, Mr. Chairman, I think we ought to encourage India to go Communist. India and China could never get along. Who would give them food and aid? Perhaps we could get together with the Russians. I am not being wholly facetious here. If we got together with the Russians, we could cut foreign aid and cut our defense budget. Maybe the day is not too far off.

To return to India for a moment. We have poured almost \$7 billion into India since World War II, with practically no results. India still refuses to pursue economic policies. Like many underdeveloped nations, she has embarked on much too ambitious industrial development programing, while refusing to pay sufficient attention to the agriculture necessary to feed her starving millions. India, while admitting her heavy-industry program has not worked, keeps trying to set up additional blundering socialized industries. India discourages private industry with a 65-percent corporate income tax. No wonder India is bogged down.

Meanwhile, Indian agriculture is so backward that America has to send \$700 million worth of wheat just to keep India's head above water this year. The Indians want our money, but do not want our advice. I strongly believe our aid ought to go with sound technical planning or not at all. I do not want Americans telling Indians what to do, but I do want to see advanced, sensible planning required before U.S. aid is made available. Our State Department people—those foggy minds in Foggy Bottom—are afraid of setting terms because they are afraid to offend the people they are dealing with.

India is sinking into an economic quagmire, yet they have the money to fight a \$125 million war with Pakistan, and they have the money to go bidding for modern submarines. As far as I am concerned, they should get no more foreign aid until they stop looking for submarines and start getting realistic about building up agriculture and private enterprise. Until that time, our aid program will be meaningless except as a wasteful, stopgap program designed to keep India from suffering the consequences of cutting her own economic throat.

I realize that it is hard for the United States to impose the necessary standards on our loan programs. Sometimes toughness would breed great resentment. But I think that fairness to our hard-pressed taxpayers and long-range policy planning both demand a new degree of backbone in the State Department. I hope it will be forthcoming.

One step I think we ought to consider is channeling more U.S. aid programs through organizations like the World Bank and the several regional development banks. These organizations can insist on sound terms and sound planning without being vulnerable to charges of "dictation" and besides, aid money

spent through the regional banks cannot be used for bribes or stringless grants to two-bit dictators. If we channel our aid through regional organizations, our Government will be forced to come up with a foreign policy that can stand on its own two feet. Right now our foreign policy balances precariously on an open checkbook and this is good for nobody—especially our American taxpayers.

Earlier this year, Mr. Chairman, I wrote to the President suggesting that he consider the idea of establishing a Middle East Development Bank. My suggestion was prompted by a belief that such a bank could do more for Middle Eastern development than our unilateral aid programs. Our own programs are extremely unimaginative. All we ever seem to do is send new weapons shipments to the different Arab nations. I cannot see the sense of this. The arms race is keeping the Middle East tense with the threat of war. Now I know the administration talks about the need to supply the different Arabs with new weapons so that they do not get these weapons from the Russians. Perhaps there is some sense to this, but I would rather see the money we put in the Middle East used constructively.

I think perhaps a Middle East Development Bank—similar to the Asian Development Bank—could underwrite some regional economic development projects which would aid both Israel and the Arab States. This would be a great shot in the arm for Arab-Israeli cooperation. This may be optimistic, but if Israel has made the desert bloom, why could not a Middle East Development Bank make even more of the desert bloom? And perhaps in the process help the Arabs and Israelis to bury the hatchet?

Such a program would, to my mind, be far more preferable to a policy of continually supplying assorted Arab States with the latest military hardware while neglecting regional economic development. Israel is getting too prosperous for direct aid, now that her per capita income is as high as that of Holland, but regional aid programs, designed to help both Arabs and Israelis, offer a chance to combine economic and political commonsense.

It is difficult for a nation like the United States to make regional development programs part of our own foreign aid program. But a regional development bank, which includes local nations as both contributors and members, can stimulate local cooperation. These banks are not thought of as foreign or imperialist. Nations getting bank international aid do not worry about political motives, and regional banks never approved aid which gives two-bit dictators money for Swiss bank accounts. These banks are the best ways to build up underdeveloped areas. If we had channeled our aid through a regional development bank in Vietnam, our aid might have gone for progress instead of graft, and we might not be trapped in a bad situation out of loyalty to the regimes we supported.

Mr. Chairman, I am again to vote against foreign aid. It is wasteful. It is unsuited to the needs of the underde-

veloped nations. We use it as a diplomatic slush fund, and let recipient countries waste or misappropriate it. Quite often, our aid programs alienate local peasants who see us propping up an unwanted, dictatorial regime. When our Government uses foreign aid as a checkbook to get our incompetent diplomacy off the hook, foreign aid works like a narcotic. So long as our policy can fall back on international bribery, it will continue to be unrealistic and complacent. If our policy has to stand on its own two feet, perhaps then we will see some long-range planning and common sense.

But as long as foreign aid is used to buy support for shaky U.S. policy, then that aid will be used wastefully and never be conditioned on careful planning and administration necessary to make it work for the people. And so long as foreign aid is used to buy support our policies cannot win on their merits, our policies will not shape up.

It is a vicious cycle. Maybe the administration likes it. I do not. I am going to cast my vote against waste, fraud, corruption, maladministration, and incompetence. It is not worth supporting. Perhaps foreign aid can be redesigned to be effective. Until that time, it is not a program I want to support.

Let me raise one final thought. I urge the members of this Committee to take a good, long look at Vietnam. Where are our friends who have received \$115 billion in foreign aid since World War II? Where are they?

Ask yourselves these questions:

First. Why are we fighting alone in Vietnam?

Second. Why are American lives and tax dollars the principle ones being sacrificed in this war?

Third. Where are all of our foreign aid recipient allies?

I believe that we can all answer these questions. And I think that the answers condemn our foreign and foreign aid policies in no uncertain terms.

We are fighting alone in Vietnam—or practically alone—because our so-called friends do not trust us. Because these "friends" do not think that our President knows what he is doing. Because these "friends" do not have any confidence in our ability to end the 20-year crisis in Vietnam by mere force. All the foreign dollars we have pumped into Europe since World War II have not swayed European opinion one bit. Our foreign aid has not bought us any support in Europe for policies which Europe would not otherwise support. So we are fighting almost alone in Vietnam.

We do have some token support from Australia and New Zealand. And then there is Korea. Korea is one foreign aid recipient which is happy to be fighting in Vietnam. They should be. They are getting paid off in spades. Back in February, I asked the President to disclose the terms of our "deal" with the Koreans to hire Korean mercenaries to fight in Vietnam. The administration tried to pretend there was no deal. But there is a deal and the Koreans admit it. Some people might say "Korea is grateful" and

that she is one aid recipient fighting to pay us back. They would be wrong. Korea is fighting for more foreign aid. Korea is getting fat on that good old Democratic war prosperity.

I ask "Where are all the recipients of our foreign aid?" Are they in Vietnam with us? No. Spiritually, they are on the picket lines around the world. Now I do not altogether blame them. The foreign policy of this administration does not inspire confidence. The "credibility gap" is as big as the Grand Canyon. I am glad we are bombing the oil in the North. I am glad it is supposed to be so effective. Then why did not we bomb 4,000 American lives ago? When the administration says our policy is strictly Kosher, the world disbelieves. So much for the support we bought with foreign aid.

Look at the record. No gratitude. No support. No real achievement. Three strikes. I think the time has come for foreign aid to leave the ball game. I urge the defeat of this wasteful piece of legislation.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. O'HARA].

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Chairman, mine has been a rare and precious experience.

Mr. Chairman, for 2 days I have been in this Chamber, privileged to listen to every word of this great debate, and it has been a great debate. It has been a scholarly debate. Most of the addresses were prepared ones. They went into the subject in all its aspects in depth and in most incidents with penetrating clarity.

But, Mr. Chairman, the interest in foreign affairs must be far greater in our country and in this body than would be indicated by the number of Members on the floor.

Mr. Chairman, at the last count there were 28 people on the floor of the House of Representatives listening to this great debate. I believe since then we may have lost one or two to the inroads of human fatigue.

Mr. Chairman, does it mean that there is scant interest in our country and on the part of the Members of this body in foreign affairs, or does it mean that the American people and their Representatives here are so well satisfied with the foreign aid program, the way it has worked, the way it has contributed to our security, and to the building of our future, that it is not necessary to show any participation here?

Mr. Chairman, I have a few humble observations to make. Since I have had no opportunity to jot down these observations, I must speak from the cuff, as it were. These are observations of 10 years of warm association with as fine a group of men and women as I have ever known, the membership of the House Committee on Foreign Affairs.

First, Mr. Chairman, I feel that at long last I have reached the end of the road of futility. Year after year we have held our hearings on the mutual aid bill—weeks of hearings—and have worked un-

der handicaps, one in particular, the handicap of time, another the handicap of having reference books that we could not take from the committee room because they were so secret, and we had little time to look at them. Then, Mr. Chairman, after weeks and weeks of this we would complete our task, all of us with the feeling that we had very little knowledge of the subject, in depth. It had been an exercise in total futility and we knew it.

Now, Mr. Chairman, we may vision the beginning of the end of that road of futility.

Yes, Mr. Chairman, every other year we now can look forward to giving our time and attention to examining this program. And, Mr. Chairman, the gentlewoman from New York [Mrs. KELLY], as chairman of the Subcommittee on Europe, will have the opportunity to know what we are doing in Europe better than she has ever known before because she will have each alternate year to looking the product in the eye and learning at firsthand the weaknesses and the strengths of every program and when information is imparted to that great brain of the gentlewoman from New York [Mrs. KELLY], conclusions come that are intelligent and far-reaching.

Mr. Chairman, I know that I will know more about Africa when each alternate year I have the time and the means of familiarizing myself with each and every program in Africa and of determination of what programs are good and what programs are bad or wasteful. Now Africa is the zone of my interest. It is my responsibility. I have said many times, and I believe it, that as Africa goes so will go this world of ours.

The wealth that is in Africa and which is undeveloped is tremendous almost beyond belief. It will build a rich economy, covering an entire continent thrice the size of the United States and it will furnish a tremendous buying market for our goods. Every cent advanced to Africa in this period of her building will come back to us a thousandfold.

So a year ago I was committed to the annual review of the foreign aid authorization by our committee. I was one of the conferees, deadlocked with the Senate week after week, because we were insisting that the House committee shall look into this program each and every year. I do not think anyone in the world could have been more convinced that the House had to take a new authorizing book every year.

The trouble was that I, of all people, had been afraid of changing the status quo. I had been willing to go on endlessly trudging down the highway of futility rather than strike out on a new path with a yearn for finding out what was right and what was wrong and the next year for revising the authorizations to measure up with our findings.

Yes, there have been mistakes in our foreign aid administration. Yes, there have been extravagances.

When our committee was told this year of the new plan of AID to give the bankers more money so that they could travel around the world to find places and opportunities for investment, at first blush

I was not sold on it. But neither I nor any other member of the committee could reach a wise determination unless there was the time and opportunity of direct checkup on the spot by the committee. That opportunity will be assured by the change from 1 to 2 years in the authorization.

I think that when we go over the actual operation of this program every other year and go over the authorization itself every other year, we can perform our task with far greater intelligence.

Mr. Chairman, I have a few other observations very humbly to make. But before doing so, I want to say that our committee has one of the greatest chairmen that this Congress has ever produced. I think that is the evaluation of every member of our committee on the Democratic side and on the Republican side. Our chairman has done a tremendous job. And he has had the loyal cooperation of as fine a professional staff as ever has been assembled in any legislative seat in the world.

Let me tell you—she may not be the First Lady of America, for that is the position of the gracious wife of the President of the United States, but she is one of the first ladies in the hearts of the House Committee on Foreign Affairs—the ranking minority member of our great committee, the brilliant and genuinely beloved gentlewoman from Ohio [Mrs. BOLTON], a statesman of dedication in the finest American pattern.

The other first lady in the hearts of the Committee on Foreign Affairs is the gentlewoman from New York, [Mrs. KELLY], whose contribution to our country in its relation with foreign lands and in the crystallization of a firm foreign policy is second to that of no other Member of the Congress.

Mr. Chairman, with this humble observation, I now make bold to express the hope that next year our regional subcommittees will be fully staffed.

I would like to have on my Subcommittee on Africa and on every other regional subcommittee a staff comparable to the staffs of the subcommittees of the great committee headed by the gentleman from Illinois [Mr. DAWSON]. I think that if each regional subcommittee had a staff of two or three people, we could save millions of dollars for the taxpayers of America.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I am happy to yield to the distinguished gentleman with whom it was my great joy to serve on the delegation to the United Nations.

Mr. FRELINGHUYSEN. I simply want to say, from the gentleman's remarks, one would think that the minority members of the Committee on Foreign Affairs do not also have a soft spot in their hearts for the gentlewoman from New York [Mrs. KELLY]. I just want to say that we have great admiration and affection both for Mrs. BOLTON and for Mrs. KELLY. Your remarks seemed to indicate that the Democratic members of the committee had a particular interest in Mrs. KELLY and I wanted to correct that impression.

Mr. O'HARA of Illinois. I thank the gentleman most sincerely. The gentleman is a matchless exponent of gallantry. I am sure we all join in his appreciation of the qualities of womanhood in our associates both of whom we dearly adore. I do appreciate his contribution.

I have a few other observations to make, and they are very humble. They concern our association together as fellow members of a committee. One of the great privileges we have in this body is that of knowing our colleagues. Recently, when I was successful in a primary contest, someone told me that a Member on the other side wanted me to know that he felt pretty good about it, but he did not wish his constituents to know how he felt, because it might hurt him in his own district. I think that is a sort of index of the feeling we have for one another in this great association and companionship we have in the Congress of the United States. On that note, which I hope meets with universal accord, and is noncontroversial, I turn back the remainder of my time.

Mrs. BOLTON. Mr. Chairman, I yield an additional 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. I thank the gentlewoman.

Mr. Chairman, whether the problem of international balance of payments can be discussed in this short time is a question, but certainly we can bring it into focus here, hopefully. To me it is rather shocking that the committee report does not even mention it. At least, I cannot find it. There is something said, I am happy to say, in the minority views. It seems to me that it is almost the situation of our fiddling while Rome burns. Our aid program in its full compass, including not just the bill before us but also the one that was previously passed, Public Law 480—the food and tobacco for freedom, or whatever it is now—and all the other funds that exist totaling close to \$6 billion, is the major cause of the deficit in our balance of payments. Because we have failed to move forward to correct that deficit, the United States is weakened in the world today economically, and therefore politically, and is unable to implement its foreign policy.

The Clay report of a few years ago, to which no attention was paid by our committee, the Congress, or the President—in fact, if anything, it was calmly forgotten—suggested that we had to get back to a level below \$2 billion if we were going to be realistic in this problem of international balance of payments. I even thought the \$2 billion was too much. I say this as one who for years has argued that there is a place for the foreign aid program. I believe in foreign aid, but I think we must relate it to our abilities and, above all, we had better start relating it to good expenditure policy. And that is the second point I want to talk about.

The first quarter of this year revealed that our balance of payments is going to run a deficit of over \$2 billion. All the stopgap measures that we have been using in the past few years, which many

of us suggested to the administration were stopgap, would actually put us in worse position if in the meantime we did not use the time we were buying with those stopgap measures to move in and correct the basic causes. So here we are talking in terms of \$5 or \$6 billion, in this particular bill, another \$3.6 billion to be added to the previous amounts with no consideration being given to the impact of those expenditures on our international balance of payments.

I do not even see the wornout argument of the AID administration that, after all, this really does not affect the balance of payments because there are tied-in loans, or the AID expenditures are tied in with purchase in the United States.

Several years ago when AID first began developing this false syllogism, I tried to bring it into focus first by pointing out that they were not really talking about the programs themselves, the expenditures in the detailed programs which are listed in the given report and are listed elsewhere, that those expenditures were tied in with purchases in the United States, because the bulk of the program expenditures was for wages. If materials were bought, when roads and schools and houses were built—which are the main structures being built—those materials are procured locally.

The actual figures are that only 15 percent of the money spent by AID on the specific programs has anything to do with purchases in the United States.

For years AID and the administration have been getting by with the false presentation and fooling the Congress and the people by talking in terms of a tie-in of 80 percent. What are they talking about when they say tie-in with 80 percent? They are simply saying that if \$1 billion is spent in India, then 80 percent of the foreign exchange in the country up to \$1 billion must be used to purchase goods in the United States. But this is redundant, because there has been expenditure and trade between India and the United States, irrespective of AID and irrespective of the governments. All AID has done is to move in and try to count twice in the international balance of payments the export aspect of our private sector in trade.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. Yes, I yield to the gentleman from Indiana.

Mr. ADAIR. In the course of hearings on this general subject before the committee, Mr. Chairman, the point was made and not refuted, that while these so-called tied loans were used, as the gentleman indicated, largely for purchases in the United States, a side effect was that it simply freed money otherwise available to the governments getting the loans, with which they could go anywhere in the world and make purchases. So that in fact it has not increased the purchases by the receiving government in the United States.

Mr. CURTIS. I thank the gentleman. The more we zero in on it, the more we realize this is a complete phony. To

hide behind this kind of concept, so that we do not move in on the serious problem of the balance of international payments, is the most dangerous course we can take. We should realize that trade existed between India and the United States and South America and the United States, or wherever it was, on a normal basis. Then, with that as a base, talk about what happens when we tie in the foreign aid programs in the use of total foreign exchange of that country, with purchases in the United States. Then we might be able to talk about something realistically.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, if I might add to the dialog a point that was raised in the commodity discussion, the total purchased in the United States was \$1,192 million in the fiscal year 1965, as compared with \$408 million purchased in the United States in fiscal year 1958. Similarly, the offshore expenditures of AID in 1960 were over \$1 billion. In fiscal year 1965, that was reduced to \$411 million.

As it affects the gold flow, I might say the net balance-of-payments outflow of AID dollars is \$253 million, when you take into consideration the fact loan repayments are now coming in to the tune of some \$158 million. So it is not really as black as it might appear.

Mr. CURTIS. I would say to the gentleman, it is a great deal more black. There out to be public hearings on this issue. Frankly, I would have hoped that the Foreign Affairs Committee would have conducted public hearings on this one aspect.

The Joint Economic Committee is failing in its responsibility, I might say, in conducting hearings on this aspect. There are all sorts of loose figures chasing around. The net result is we are diminishing our favorable balance of trade, our exports over our imports.

Let me relate this to one thing the gentleman interjected. That was offshore procurement, which theoretically is not an AID program. That is essentially related to the military.

We are paying through the nose in the military by our approach to the buy-American provision, and eliminating offshore procurement in our efforts to do something about the balance of payments and the gold flow. In the process we are paying \$100 million more for a lot of military goods and services we could have been getting much cheaper.

At the same time we apply a 60-percent buy America formula to Defense Department procurements, a 20-percent formula in other agencies, and an 8-percent formula to those materials which GSA might be procuring.

Mr. GALLAGHER. I was merely trying to point out that this \$253 million outflow is restricted to the AID program. I am not going to get into the other matters the gentleman mentioned. I would, however, consider that it would be very worthwhile for us to hold hearings on this point.

Mr. CURTIS. I would say that if we cut down this request, as we should, in my judgment, to about \$1 billion instead of \$3.6 billion, we could solve this balance-of-payments problem and we might go a long way toward balancing our Federal budget, and thus really moving in on the problem of domestic inflation. The increased inflation is going to further damage our balance-of-payments position.

We have two assets in the balance of international payments. The first is our balance of trade. That balance was \$6.7 billion in 1964. It declined to \$4.8 billion in 1965, which demonstrates, I might add, what is really happening. In the first quarter of 1966 it further declined to \$4.4 billion. I can tell the House that it is going to continue to decline as this inflation begins to take further hold in our society.

Now I should like to talk about another matter. I have pointed out for a number of years the Curtis corollary to Gresham's law. Gresham's law says that bad money drives out good. I have pointed out that Government money drives out private money.

This is particularly true in the area of foreign aid. At the same time this Government is cutting back and curbing private investment abroad it is doing nothing about restraining the public investment, the AID program before us, Public Law 480, and others.

To me one of the great things that happened in the Foreign Aid Act of 1963 was the creation of the Advisory Committee on Private Enterprise in Foreign Aid. That Committee issued a report in July 1965, which I hold in my hand. When we go back in the House, I am going to ask unanimous consent to put the whole report in the RECORD, because I find no reference in the committee report accompanying H.R. 15750 to this valuable report of an official Government committee reporting to the President and I hope to the Congress. This report contains many detailed recommendations where we could move private enterprise into the field of foreign aid. This report constructively criticizes the AID program one step after the other for its failure to bring the private sector into this national endeavor.

Mr. Chairman, I also hold in my hand another document, "Proposed Economic Assistance Programs, Fiscal Year 1967, Agency for International Development Summary Presentation to the Congress." On page 11—and in fact in other places—the presentation pays great lip-service to private initiative. One of the headlines is "Encouraging Private Initiative."

But look through this long document to find out what is said or has been done about the specific recommendations of this Advisory Committee on Private Enterprise. Yes, one terse paragraph can be found. You can find it on page 61, if you read the whole 239-page document, as I had to do to find it. One little paragraph, and I am going to read it in tote now.

The report of the Advisory Committee on Private Enterprise in foreign aid provides

many suggestions which will help to shape the direction and the scope of AID's private enterprise programs. A number of the committee's recommendations have already been adopted and the Agency is developing appropriate action programs in response to the other suggestions of this committee.

Now, that is the extent of the reference to the hard work of the Advisory Committee on Private Enterprise in Foreign Aid. Nowhere does the AID tell you what recommendations have been adopted. Nowhere does AID spell out what recommendations the Agency is developing appropriate action on. So this AID 1967 report might just as well not have been made as far as the Congress is concerned. It gives no knowledge of what AID is really doing to get private enterprise into foreign aid. Under these circumstances all I can say to my colleagues in the House, having read the Committee on Foreign Affairs report and these other documents to which I have referred, there is only one thing to do; namely, vote this bill down and send it back to committee. I know it will not happen, but hopefully the committee then would report the bill back with the amounts cut to about \$1 billion, or \$1.5 billion. We will correct our balance-of-payments problem in the process, and we will stop the domestic inflation we are facing. We will strengthen the United States abroad and at home.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to respond for the purpose of correcting the RECORD. The report to which the gentleman referred was widely discussed in the committee.

Mr. CURTIS. Why is it not mentioned in the report? Will the gentleman yield to me? Why do you not mention it in your own report?

Mr. GALLAGHER. In the interest of economy we did not put it in the report, but it is in the hearings, and I may say many amendments—

Mr. CURTIS. I do not yield any further now because I want to comment on that observation. In the interest of economy you say you do not report what is in this report of the Advisory Committee. What a concept this is of economy.

Mr. Chairman, I include at this point the material which I have referred to in my remarks:

FOREIGN AID THROUGH PRIVATE INITIATIVE
(Report of the Advisory Committee on Private Enterprise in Foreign Aid, Agency for International Development, Washington, D.C., July 1965)

ADVISORY COMMITTEE ON PRIVATE ENTERPRISE IN FOREIGN AID

Chairman, Arthur K. Watson, Chairman, IBM World Trade Corporation.

Ernest C. Arbuckle, Dean, Graduate School of Business, Stanford University.

Joseph A. Belrne, President, Communications Workers of America, AFL-CIO.

William T. Golden, Corporate Director and Trustee.

Henry T. Heald, President, The Ford Foundation.

Kenneth D. Naden, Executive Vice President, National Council of Farmer Cooperatives.

Edith Sampson, Judge of the Circuit Court of Cook County, Illinois.

Sydney Stein, Jr., Partner, Stein, Roe, and Farnham.

Murray A. Wilson, former President, National Society of Professional Engineers.

Subcommittee on Investment Guaranties
Chairman, Kenneth A. Lawder, Treasurer, W. R. Grace and Company.

Peter B. Langmuir, Vice President, Northwestern Mutual Life Insurance Company.

Alfred H. VonKlemperer, Vice President, Morgan Guaranty Trust Company.

L. Stanton Williams, Vice President, Pittsburgh Plate Glass Company.

Consultant to the committee

Raymond L. Vernon, Director, Development Advisory Services and Professor of International Trade and Investment, Harvard Business School.

Committee staff

Harriett S. Crowley.

Kenneth M. Rabin.

Boris Scherbak.

LETTER OF TRANSMITTAL

HON. DAVID E. BELL,
Administrator, Agency for International Development, Department of State.

DEAR MR. BELL: In submitting, herewith, the Report of the Advisory Committee on Private Enterprise in Foreign Aid, there is one principle I would especially like to emphasize. Over the past months, as we worked to relate foreign aid and private initiative, we came to believe that no matter how carefully our aid dollars are invested and no matter how wise and energetic AID's personnel may be, there is still not enough money nor people to accomplish the vast task the U.S. has undertaken.

To put this into perspective, our government is today putting over two billion dollars each year into the economies of 72 countries. Yet this considerable sum, divided among their populations, comes to but \$1.44 per person. Even in Latin America, where the effect is most intense, the amount is only \$2.73 per person each year. Clearly there are limits to what we can hope to achieve.

It is this realization, more than the original mandate of our Committee, which finally leads us to urge that the Agency for International Development put increasing stress on its role as catalyst and energizer for private effort. It is only through private resources, our own and those of the developing countries themselves, where the additional resources are potentially adequate to meet the challenge. That is the basis of our recommendations.

The Committee is grateful for the help of many people. Over the course of its life, more than a hundred witnesses testified before us, and many individuals and organizations submitted statements to us. We heard from representatives of business and labor, the religious organizations, foundations, educational institutions, agriculture and others. We are especially grateful to Dr. Raymond Vernon, who helped to draft this report, and to Mr. Kenneth A. Lawder, who headed our Subcommittee on Investment Guaranties.

The very willingness of so many to help persuaded me that Americans from every background believe in the moral and practical values of our foreign aid program. It is one of our country's noblest efforts and I submit this report with the earnest hope that it will further this great effort.

Respectfully submitted.

ARTHUR K. WATSON,
Chairman.

JULY 30, 1965.

BACKGROUND

The Advisory Committee on Private Enterprise in Foreign Aid was authorized by an amendment to the Foreign Assistance Act of 1963, Section 601(c), introduced by Senator JACOB K. JAVITS and co-sponsored by Senators ERNEST GRUENING, HUBERT H. HUMPHREY and WAYNE A. MORSE.

The legislation called for the establishment of a nine-member group to "carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act . . ." Its members shall represent the public interest . . . and be selected "from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government." The Committee was ordered to submit its report by June 30, 1965, to the Administrator of the Agency for International Development, and to make it available to the President, to Congress, and to the public.

The members were appointed on May 26, 1964, and convened on June 17, 1964. Beginning in September, the Committee held monthly meetings at which it received the views and recommendations of well over a hundred persons and organizations concerned with international development. Contributors to the Committee's work are listed in the Appendix of the Report.

During the life of the Committee, several members visited one or more developing nations of the world to review the present and potential uses of private resources for international development.

Members received no compensation for their services but were entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act, for travel and other expenses incurred in attending meetings.

SECTION 1: PRIVATE ENTERPRISE AND FOREIGN AID

This report explores methods for harnessing the vast non-governmental sector of the United States to the task of accelerating economic growth in the less developed countries.

In broadest terms, the Advisory Committee on Private Enterprise in Foreign Aid believes that non-government resources not only can do more, they must. Otherwise, foreign aid would be doomed to become a costly palliative of indefinite duration. The Committee concludes that business, labor organizations, agricultural groups, professional societies, educational institutions, foundations and many other resources, if encouraged, are ready and willing to assume a broader role in international development.

Twenty years have gone by since the United States launched its first post-war program of foreign aid. In that time, some \$40 billion of economic aid has been appropriated by the United States Congress; first, to help our friends in Western Europe recover from the destruction of World War II; then, to help the lagging countries of Africa, Asia and Latin America in their long climb out of the depths of poverty.

By and large, foreign aid has achieved a great deal. Yet as one looks back on those twenty years, the programs seem to have presented an uninterrupted series of crises. In the annual Congressional reviews, the program's many remarkable accomplishments often have seemed swamped by accounts of its shortcomings and failures. It is hardly surprising that there is now a widespread desire to question what the United States has achieved for its time and money.

In the perspective of history, however, both the time and the money will seem modest. Twenty years is hardly long enough for a single generation to grow out of a deprived and ignorant childhood. The \$40 bil-

lion is less than one-half of one percent of the wealth produced by the United States during the period.

The efforts of advanced countries to help less developed nations toward economic growth and political maturity will go on. From time to time, there will be doubts and misgivings about the wisdom or the effectiveness of the effort. Nevertheless, most Americans understand very well that the effort should continue and our political and economic interests are best served by building up the productive capabilities and democratic institutions of the less developed countries. What Americans do demand, and what they are entitled to have, is the assurance that their resources and support are applied with intelligence, skill and dedication.

The resource gap

If the less developed countries are to grow at tolerable rates, they will need a great infusion of capital and human skills from the advanced world.

As matters now stand, there is a huge gap between what the less developed countries need for a tolerable rate of growth, and what they are likely to get. As far as their capital needs are concerned, the gap has been measured by various United States and international agencies. Each of these measures is based on somewhat different assumptions and none can be entirely precise. Yet all of them suggest that the size of the gap is staggering—between \$5 billion and \$20 billion annually.

Part of the reason for this great gap lies in the underdeveloped areas themselves. They are simply unable to absorb large quantities of capital efficiently. For the most part, this is because of a second gap—the gap in human resources. This need is more subtle and, in many ways, more profoundly disturbing than the gap in capital. The less developed countries are critically short of the skills, traditions, and organizations that are part and parcel of a modern industrial society. These lacks run from skills in factory layout to skills in the conduct of management-labor relations; from knowledge about plant breeding and animal raising to knowledge about flood control and weather forecasting; from skills in the mobilization of savings to skills in the distribution of food-stuffs.

The less developed countries lack also the men and institutions to ensure that the fruits of their growth will be fairly distributed. They lack union officials who are capable of bargaining responsibly with management, and tax collectors who are capable of enforcing objectively the tax laws of their countries. In short, most of the complex social and cultural infrastructure which we in the advanced countries take for granted has to be put in place brick by brick. Money alone will not do the job.

In surveying the size and nature of the problem, this Committee has come to three basic conclusions:

First, added capital cannot be expected to come from government sources in quantities sufficient to fill the gap. The non-government resources of the United States and other advanced countries must, therefore, play a much greater part.

Second, the skills and other human resources which the less developed countries need must also come largely from non-government sources. Governments simply do not have command over most of the human resources that are needed.

Third, the role of the non-government groups—of business enterprises, labor unions, professional societies, and all the rest—must be greatly expanded. Otherwise the economic development we do achieve will not provide the pluralism, the democratic bal-

ance, and the diffusion of benefits which are its final purpose.

The means of assistance

In the course of nearly two centuries of national existence, we Americans have managed to develop a social system which is unique in human history. We have built the world's most powerful economy and, in the course of this growth, have developed institutions on a giant scale. We have the largest enterprises in the world, the biggest labor organizations, the biggest governments, the largest farm complexes, the greatest universities, the largest private charitable and benevolent organizations. At the same time, we have maintained an open society in which economic and political power is widely diffused, in which initiative and innovation can spring up from many levels, and in which barriers between social and economic groups are as insignificant as man has so far been able to devise.

Most Americans see this great diffusion of power and this unparalleled measure of social and economic mobility as prime sources of this country's strength. Yet, from time to time we feel a sense of impotence and inadequacy as we confront the monolithic discipline of the Communist societies, with their apparent capacity to mobilize all their men, all their technology and all their capital to some single purpose. From time to time, too, we feel at a disadvantage in the face of seemingly coordinated and disciplined actions of other advanced nations in Europe and Japan, which appear to have found a way for the public and the private sectors to move in close harness. As we see other nations face up swiftly to some crisis or some opportunity in international affairs, we sometimes wonder if the United States has yet found the formula for effective operation in the international arena.

In theory, the American constitutional system puts the conduct of foreign affairs firmly in the President's hands, yet the economic resources which give him strength are not easily mobilized. In contrast to the monolithic reach of totalitarian states, our own Federal government accounts for about 10 percent of the purchases of goods and services while state and local governments account for another 10 percent. The control of the rest is distributed among millions of farms, hundreds of thousands of business enterprises, and great numbers of non-profit organizations.

United States interests abroad are almost as greatly dispersed. An estimated 3,000 United States businesses have facilities abroad. More than 500 educational, labor, charitable and religious organizations have programs or facilities overseas. Each of these in its own special way represents a part of our American system; but few of them are responsive to any common purpose or common strategy.

As it turns out, some of the resources that are needed by the less developed countries lie within the ambit of the Federal Government; but a critical part of those resources lie beyond government's reach. The Federal Government may be able to provide some of the capital funds; but it needs the participation of other sectors of the American economy in providing the skills to design a plant, organize a market, train a work force, raise a crop, or distribute a commodity. The Federal Government has no command authority over the skills of a university, a foundation, or a labor union. Accordingly, a well-balanced strategy of assistance to less developed nations must contemplate that there will be a role for all sectors of the United States economy. If the environment is right, some of these sectors will move into such activities as a normal part of their own operations. Many already have. Others, however, will have to be encouraged, persuaded or assisted to extend their activities to the less developed countries.

In sorting out the respective roles of the private and the public sectors in providing the resources for the aid program, this Committee believes that there are a few basic guidelines to be followed, guidelines which are derived from the experience and the convictions of the American people.

In the first place, private organizations are generally capable of greater speed, flexibility and incisiveness than government agencies. Freed from government procedures, permitted to find their own ways of performing the tasks which are necessary for economic growth, private organizations can outperform official agencies. These comparative strengths are no reflection upon the men and women who man our government posts; on the contrary, our experience as members of the Committee has left strong, favorable impressions of the energy, dedication and good sense of the AID leadership.

In part, the limitations of AID are due to the fact that it represents simply one part of a complex government machine which has many objectives apart from development. In individual cases, therefore, the development objectives may be pitted against conflicting government aims. In part, too, the limitations of AID simply derive from the fact that, under the U.S. system of public checks and balances, the program is subject to continuous scrutiny from many directions: from the press, from Congress, from other government agencies. The result is sometimes deeply frustrating. It usually takes many months for AID to comply with the statutory requirements for employing technicians or consultants, or for processing contracts, loans or guaranties. There are exceptional cases. An emergency can generate faster action through extraordinary channels. But the use of extraordinary channels carries extraordinary risks for the government agency involved.

The Committee has been guided by a second general point, which also favors the more extended use of non-government channels in the aid program. There is always a risk that government-to-government aid may be mishandled. When this happens, both governments are exposed to special political risks. Such aid at times can generate a backwash of bitterness and resentment. Aid through private channels carries fewer risks of this sort.

A third general guideline by which this Committee has been influenced relates to the limitations of American private organizations. Though private entities may be free to react more quickly and flexibly, they operate with certain constraints of their own. Like all American institutions, they should be expected to make sacrifices to common national objectives. But there are limitations on the extent to which most private organizations can take on extraordinary financial risks. The existence of such organizations depends upon their ability to remain strong. This overriding fact cannot be disregarded by their managers.

There is still a fourth guideline which the Committee has found useful in its deliberations. Much of the work to be pursued under the foreign aid program, as we noted earlier, is intended to train people, to speed changes in institutions and values. Tasks of this sort take time, a great deal of time. They require prolonged, continuous contact from the aid-giving end. Yet without fixity of purpose and involvement of vital self-interest, such continuity is usually in constant peril. In its application, this fourth guideline can mean different things for different programs. In many cases, it argues for a transfer into private hands of activities now performed by government agencies. Pushed and hauled by the vagaries of public and Congressional sentiment, by the limitations of the annual appropriation process, and by the changing tactical concepts of successive administrations, government aid agencies

cannot be expected to demonstrate constancy of purpose as their outstanding attribute. Accordingly, competent and stable private institutions may be far more effective instruments of national policy in some situations than government institutions.

A fifth guideline which has influenced the Committee's conclusions is the principle that public resources wisely used can attract private resources in even greater quantities. There are many illustrations in our national life in which public resources have been used as catalysts and energizers of the much greater sources available to the private sector. By providing such indispensably basic facilities as transportation and education, by clearing away obstructing bottlenecks, by reducing the risk and uncertainty of the political and economic environment, by providing some element in an undertaking which the private sector is unable by its own efforts to provide, a public foreign aid program can "leverage" its total impact many times.

The means of receiving

We in the United States see our nation as a symbol of the vitality and creativeness of a pluralistic society. We have not yet stamped out the last traces of poverty and prejudice in our economy. But what has been achieved so far gives Americans every reason to champion the role of private initiative and stress the importance of freedom of opportunity.

True to its history, the United States has urged the less developed countries to strengthen and extend their own private sectors and to build up many of the other institutions of a pluralistic society, such as trade associations, labor unions, family farms, cooperatives and foundations, as a critical step in the achievement of economic and political maturity. At the same time, we have come to learn that there are fundamental cultural and historical differences and important differences in priorities which distinguish the advanced countries from those in the less developed world.

The extent of some of the differences that have to be bridged is indicated by the reaction of some countries to the concept of private enterprise. To the countries of Asia and Africa which are just emerging from centuries of colonial rule, the words "private enterprise" conjure up a series of images and associations which are as different from the familiar United States connotation as night is from day. The outstanding examples of "private enterprise" in the colonial economies were usually enterprises controlled from the mother country, often with privileged status. In the heat and tension of the struggle for freedom, therefore, "private enterprise" is seen by many Asians and Africans as part and parcel of a system of domination from without; and the United States espousal of "private enterprise," especially foreign-owned private enterprise, is seen by many as a Trojan horse intended to impose a new form of political and economical bondage upon them. Although colonialism has long ceased to be a problem in most of Latin America, many nations in that area of the world tend to echo the reactions of the Asians and the Africans.

In addition, all underdeveloped countries express concern over other aspects of foreign private investment. Rightly or wrongly, they worry about the balance of payments impact of servicing a growing foreign interest. And they want to know how they can remain masters of their own house if foreigners control their principal means of production.

In most parts of the less developed world, therefore, local sentiment is torn between two conflicting views. On the one hand, they recognize that private enterprise can make great contributions to the development process. On the other hand, there is a fear of its bigness and of dominance by such enterprise. Of course, one would ex-

pect those local groups which are politically hostile to the private enterprise system to be hostile to foreign-owned business. But the same antagonistic reaction is also found among those who have a stake in the private system. In many countries, local businessmen see foreign-owned business as a giant "unfair" competitor, not as a helpful ideological ally.

The United States, therefore, confronts a less developed world in which private enterprise is often on the defensive. Indeed, it faces a world in which some nations profess to be evolving toward one form or another of socialism. Nevertheless, paradoxically, the future of the private sector in the less developed world is far from discouraging.

The experience of India is illustrative. In the execution of each of the three Indian Five Year Plans since 1951, the private sector has responded more dynamically and the public sector less dynamically than the Plan had projected. As a result, each successive Plan has assigned a larger role to the private sector than its predecessor Plan. In the process, doctrinaire Indian declarations on the subject of state socialism have given way to more balanced and more pragmatic evaluations of the respective roles of the private and public sectors.

The trend in other countries, such as Mexico and Pakistan, has been in a similar direction. In these countries, and in many others, a modern, dynamic private sector has evolved with unexpected speed. While the old clichés about "exploitation" continue to have great currency in these countries, there is at the same time a widespread recognition that many of the new entrepreneurs simply do not fit the old patterns. As a result, government servants are more disposed to accept the desirability of linking the freedom and flexibility of the private sector with the power and purpose of the public sector. At the same time, noting some of the unhappy consequences of state ownership in Egypt, Guinea, Ghana and other countries, various governments in Africa, Latin America and Asia have felt even more strongly the need to modify their doctrinaire socialist views.

In some ways, the experience of the less developed countries in the field of agriculture has also suggested a bigger role in the future for the private sector. The problems of agriculture have been more perplexing, and more threatening to the aspirations of the less developed countries than the problems of industry. In many cases, these countries have been unable to raise their farm output to match the increase in their population. The reasons have been complex and they have differed from country to country. Sometimes, the problems have been rooted in predatory forms of land tenancy, money lending and monopoly marketing which have deprived farmers of any incentive to increase output. Sometimes there has been a need for greater public investment in roads, drainage, water or power. Sometimes, the need has been for new seed and technology.

The first response of governments in the less developed countries, notably in India and Pakistan, had been to assume that the government itself would solve the problem through a combination of investment, coercion, and regulation. Today, however, it is rapidly beginning to be clear that the problem can only be met if it also engages the energies of many non-governmental institutions—of private producers and sellers of seed and insecticide, producing and marketing cooperatives, banks, credit unions, and research institutes and testing stations. We begin to see new hope that these countries, by drawing on all their energy and resources, may yet solve the stubborn problem of agriculture.

Nevertheless, as matters stand today, the question of the future roles of the public

and the private sectors in less developed countries is uncertain and undecided. Thus far, private enterprise is the dominant form in most less developed countries, including many which profess to some form of socialism. Indeed, in most of these countries, the revenues and expenditures of the public sector are far less important in relation to the nation's income than the levels that typically prevail in Western Europe and North America.

In due course, the less developed nations will generate their own patterns of public-private relationships. When they do, these patterns will bear the stamp of their own history and aspirations. In most less developed countries, the role of national planning will be a good deal stronger than the role to which we in the United States are accustomed. Most of these countries will be less disposed than the United States to acknowledge the innate desirability of private over public enterprise. Mixed private-public enterprise will no doubt be much more common than in our own experience. In many of these countries, the public regulation of private enterprise will continue long traditions, so contrary to our own, of being pervasive, detailed, and of leaving large areas of discretion in the hands of government officials.

We Americans are not without influence in affecting these attitudes. In fact, our influence is often far greater than we suppose. True to our own convictions, we should use our influence as we can. At every opportunity, we ought to broaden and strengthen the private sector. But we must be prepared to accept the fact that the most effective pressures are often achieved through quiet diplomacy rather than through stentorian ultimatums. Indeed, the most effective pressure of all, in the end, is to help increase the resources and capabilities of the private sector so that it may provide its own justification for an expanded role.

One final point. Even a society in which private enterprise is dominant, in which economic power is diffused, and in which checks and balances are basic to the system will need a public sector which has foresight, rationality and planning capacity. In a nation trying to grow under forced draft, that need will be particularly great. To be sure, an economy based on diffused initiative cannot be either highly disciplined or readily predictable. In such a society, it is the function of many institutions to take on new initiatives that may not be according to plan, and to resist the efforts of others which may run counter to their interests. Economies of this sort, when they are successful, grow partly out of the foresight and planning and partly out of the competition and conciliation of the institutions that make them up.

In our efforts to achieve societies of this sort abroad, therefore, we must be prepared to accept the appearance of certain seeming contradictions in our efforts. We must be prepared not only to encourage the growth of private enterprise but also to encourage other institutions with which such enterprise will sometimes cooperate, sometimes clash, for example: an effective structure of government organizations, a creative and responsible structure for the conduct of labor relations, an efficient system of cooperative organizations where such organizations are appropriate, and a series of institutions devoted to educational, philanthropic, and other non-profit activities. It is out of such a ferment that economic growth and the democratic process may be expected to appear.

SECTION 2: THE FLOW OF DIRECT INVESTMENT

Of the many roles that United States private enterprise is equipped to play in the less developed countries of the world, that of investing in and managing branches, subsidiaries or affiliate companies is the most obvious. U.S. business already has large

investments of this sort outstanding in the less developed countries. By early 1964, its direct investment in these areas was \$13.3 billion; of this total, \$2.5 billion was in manufacturing, \$7.5 billion in petroleum and mining, and \$3.3 billion in other branches of business activity.

Compared with the needs and possibilities of the developing nations, however, the rate of increase in such investment has been insignificant. Here and there, to be sure, some special circumstances has generated a spurt of investment by United States enterprises. But the total increase of all direct investment by United States enterprises in the less developed areas was only \$522 million for 1964. This contrasts sharply with the \$5-\$20 billion annual gap cited earlier. Most of this increase in direct investment was in the more advanced parts of the less developed world, especially in Latin America; and roughly 20 percent was financed by ploughing back profits previously generated in the less developed countries rather than by a fresh flow of resources from the United States.

The problem of climate

Why is so little private investment moving into the less developed countries? Businessmen would answer the question in different terms, but their answers would add to misgivings about "climate."

"Climate" seems a vague word. But it suggests the nature of the concern well enough. United States businessmen are accustomed to evaluating and accepting normal business risks. Not many of them are accustomed to evaluating and accepting political instability, threats and rumors of expropriation, systems of pervasive discretionary regulation, prospects of rapid inflation and devaluation, and other novel features of overseas investment.

Accordingly, the characteristic reaction of businessmen who have sensed the unfamiliar risks posed by the less developed world has been to turn elsewhere for opportunities. This is not to imply that once the climate were improved, all the conditions to attract foreign direct investment would be satisfied. A favorable climate must be thought of as being a necessary, but not a sufficient, condition for attracting foreign investment. The improvement of climate therefore, is only a first step in persuading businessmen to investigate the many opportunities in the less developed world.

Just as the word climate itself is vague in this context, so the means for its improvement in any country are also ill defined. If the threats of inflation and devaluation could be reduced, if the uncertainties of political life could be contained, if the latent and active hostility against foreign owned enterprise could be held in check, climate would be improved. But these are symptoms of the basic problems of underdevelopment itself.

There are no simple nostrums for the improvement of a country's climate. Confidence cannot be guaranteed, for instance, simply by extracting a declaration in favor of private foreign investment from an aid-receiving country, if any duress is involved in the process. On the contrary, in some cases, commitments of this sort when extracted as a condition of foreign aid, may imperil a friendly government and expose foreign investment to needless risk.

Though the measures needed to improve a nation's climate may not be crystal clear, it is clear that in any such effort nothing succeeds quite like success. If a less developed country succeeds by its policies in attracting some capital, this in itself is the largest single step that the country can take to attract more capital. The stimulating effect of capital at work bolsters confidence and expectation.

There are countries, however, which are on dead center in this regard. With confidence impaired, the question is how to build back the climate to a point at which businessmen will be prepared to consider opportunities in such countries again. In a succeeding part of this section, we shall have various proposals to that end, including tax and guaranty proposals. But some general measures may be helpful.

AID has been supporting a number of programs aimed at increasing the degree of local understanding of a privately-oriented economy. In some cases, AID is using its influence to point out that existing legal and regulatory structures are unnecessarily discouraging to business, both local and foreign. In other cases, schools of business administration receive support; in others, systematic contacts between private organizations are being financed; and in still others, selected individuals visit the United States to see for themselves how a complex privately-oriented system such as the United States actually works.

As the Committee observed in Section 1, the climate for operations by foreign and local private organizations has improved recently in a number of major countries of the less developed world, such as India and Brazil. There remain many opportunities to link AID's work on the improvement of climate with the thoughtful and imaginative work which various business groups and foundations are undertaking on their own initiative. Recent programs sponsored by private groups in Turkey, Mexico, India and other countries afford businessmen and government officials unprecedented opportunities to explore their common interests and reconcile their conflicts. More effective coordination of AID and non-governmental efforts of this sort could increase their total effectiveness. Accordingly:

We recommend that AID select a number of key aid-receiving countries for intensive study of factors which may improve the investment climate; that such studies enlist the help and advice of the appropriate business communities concerned; that an explicit program be developed for the improvement of the climate in those countries studied; and that, wherever the foreign aid program offers some effective opportunity for the improvement of such climate, the opportunity be used to the full.

Even as it makes this recommendation, the Committee is aware that AID's capacity to use the foreign aid program as leverage is limited in many ways. International agencies, such as the World Bank or the International Monetary Fund can, at times, be much less inhibited in trying to induce constructive change. To be sure, the fact that the United States is ready to provide added resources to a country which has made its peace with the international agencies may be an important reason for the influence of those agencies; but the fact remains that such agencies are at times in a better position to induce change. Accordingly, the Committee is pleased to note that international organizations such as the Organization for Economic Cooperation and Development (OECD) and the World Bank are developing various proposals which could improve the treatment of foreign private investors.

One such initiative is the development by the World Bank of an International Convention for the Settlement of Investment Disputes, recently submitted to nations for ratification. The Convention sets up conciliation and arbitration machinery which foreign investors and contracting states are free to use in the settlement of investment disputes. The Committee regards this approach as highly desirable. Accordingly:

We recommend that the United States Government accept in principle the concept

of international arbitration; that it ratify the proposed International Convention for the Settlement of Investment Disputes; and that it seek to secure its ratification by others.

Another international initiative of great potential interest to the United States would be an international code for the fair treatment of private foreign investors. Other efforts of this kind have floundered in the past, under the pressure of the representatives of the less developed countries, which have felt obliged to try to match the "obligations" of the host countries with the "obligations" of the investors themselves in any such treaty.

While some of the counter-proposals may be objectionable, others are perfectly appropriate. If the "obligations" proposed by the less developed countries are reasonable, we believe that United States subsidiaries will find them tolerable and will appreciate the opportunity to demonstrate what modern constructive private enterprise can achieve. Indeed, American owned businesses in the less developed countries typically lead in such matters as wages, working conditions, in-service training programs, and tax probity. A declared willingness to continue such standards can only bolster the position of United States enterprise and strengthen the general cause of the private sector abroad. Accordingly:

We recommend that the United States Government lend its full support to the principle of an investment code under international sponsorship; and that as part of such a code the United States be prepared to accept a reasonable statement of the obligations of investors, to accompany a statement of the obligations of host countries.

The Committee recognizes that international agreements alone offer no final guarantee for the hesitant investor. The purpose of such agreements is only to contribute toward meeting the profound need for a psychologically improved climate. The advantages to a less developed country in adhering to such codes have to be obvious and substantial. The elite status of the less developed countries which are signatory to the code has to be widely recognized.

The initiating investment force

It is a long tortuous path from the faint gleam of some investment opportunity in a far-off country to the consummation of the investment.

The first step on the path is to engage the attention of the investor sufficiently so that he is prepared to investigate the possibility. This is not easily achieved. It costs money to explore any proposal for an investment in a foreign enterprise; perhaps more important, it costs the time of key corporate officials whose attention could otherwise be engaged in larger and more familiar issues close to the heart of the enterprise's immediate interest.

Of course, a few enterprises are fully geared to deal with problems of this sort and the number of such companies is increasing. These companies systematically scan world markets and world raw material sources for opportunities to invest. They systematically compare costs, appraise the quality and temper of the labor market and of labor organizations, estimate the future policies of governments, and try to come to some net judgments concerning investment prospects. But the number of such companies is still fairly small. More typically, the interest of United States companies in overseas investments is sporadic or nonexistent; and where it exists, it is confined to a few of the more familiar, more developed areas of the world, notably Canada and Western Europe.

If the prospective investor is unfamiliar with the circumstances within a given country, the chances are slight that he will go

very far out of his way to develop the necessary knowledge. If he does investigate, it is likely to be only in response to the strongest sort of stimulus. If no direct interest of the prospective investor is involved, an exceedingly persuasive well-documented case, presented under favorable auspices, may generate the necessary follow-up. But casual, run-of-the-mill contacts are unlikely to yield any response.

All this is familiar ground. The lessons are well known to the authorities of those few countries and areas that have successfully promoted private direct investment in the past, such as Israel and Puerto Rico. In both these cases, government agencies have set up an elaborate machinery to generate feasibility studies in detail, to "sell" the opportunities suggested by these studies to individual business organizations in the United States, and to guide the hesitant investor over the innumerable hurdles involved in setting up a new understanding.

An appreciation of the importance of this kind of effort has been evident for some time in the AID activities. In recognition of the problem, for instance, AID and the Department of Commerce have undertaken a number of different programs.

First, the United States Government, in certain cases, will finance up to 50 percent of the cost of pre-investment surveys undertaken by United States investors; by April 1965, it had in fact authorized 126 such studies. Second, AID has financed a certain amount of technical assistance to industrial banks in the less developed countries, in order to expand their capabilities in making feasibility studies.

Third, AID has financed the publication and distribution of a Catalogue of Investment Information and Opportunities. Finally, the Department of Commerce, in cooperation with AID has created an Office of International Investment to bring investment opportunities to the attention of the business community.

Our impression of these programs so far is that they are neither adequately designed nor staffed to create new investor interest. The assistance in financing feasibility studies to the United States investor has been relevant only when an active interest in a project already existed. It has not been especially helpful to the long process of creating investment interest where none previously existed. As for feasibility studies not involving a United States investor, these have more often been financed for the public sector than for the private sector. This does not reflect any conscious bias on the part of AID. It may be the result of a tendency to stress the large, individual, identifiable project at the expense of the smaller one and a tendency to finance the exploration of projects already half-conceived at the expense of more general surveys.

The studies required to stimulate private investment interests often differ markedly in emphasis from those required for the large individual project. National surveys of market potential, market distribution channels, or investment opportunities may be a first necessary step. Analyses of legal and institutional impediments to the creation of industries may also be required. The feasibility of specific individual projects might be considered only at a second stage. And the "sale" of such projects abroad might be a third important stage, separable from the other two. This suggests introducing a considerable degree of flexibility into the financing of investment-promoting studies in order to cover an area much wider than that ordinarily understood in a "feasibility" study program. Accordingly:

We recommend that both the United States Government and private organizations assist the less developed countries in undertaking large scale programs of market

studies and feasibility studies, to be used as part of a campaign in engaging the interest of prospective local and foreign private investors. In view of the need for persistence and continuity in the promotion of any given project, the generating of such studies should be the prime responsibility of local entities, such as a development bank or well-equipped ministry, motivated and equipped to maintain a follow-up campaign from the stimulation of an initial interest by investors to the final act of establishment. If necessary, the contracting of foreign technical assistance should be included. AID financing should be predicated on significant contributions by the local institutions but might include the costs of a substantial effort to "sell" proposals in face-to-face contracts with enterprises in the United States.

The guaranty programs

Once the interest of a prospective investor has been engaged, a long process still remains in which the investor ordinarily looks for ways and means to overcome his hesitation and minimize his risks. At this point the various guaranty programs of AID come into play. These programs, the Committee is convinced, have had a significant impact upon the rate of United States direct investment in the less developed areas.

For nearly two decades, AID and its predecessor agencies have had the authority to guaranty United States individuals or business entities and their wholly-owned foreign subsidiaries against certain kinds of risk. By 1964, insurable risks were limited by law to situations in the less developed areas, including those commonly called specific risks: (1) inconvertibility of earnings or of repayment of principal; (2) losses due to expropriation or confiscation; (3) losses due to war or revolution; and those known as extended risk; (4) losses on loans made for housing mortgages, (5) up to 75 percent of the loss on an investment arising out of any such other kind of risk as the President might determine. Different statutory and administrative conditions apply with respect to the various kinds of guaranties; different ceilings control the total guaranties in the various categories. But, by and large, the United States had accumulated a considerable body of experience in guarantying against risk to overseas investment. By the end of 1964, nearly 1000 specific risk guaranty contracts were outstanding on investments in the less developed countries covering risks in the first three categories listed above; and the aggregate of the guaranties on such investments totalled nearly \$2 billion.

In addition, there were various signs that the interest of American business in the guaranty program was accelerating. The number of applications for guaranties in the first three categories received by AID in Fiscal Years 1963 and 1964 amounted to 590 and 712, respectively; these figures were higher than those in previous years. The amount of these guaranties issued in FY 1964 was \$524.5 million, far higher than in any earlier year and is approximately \$800 million for FY 1965.

These three types of guaranty are therefore mature, well-established programs with a history of usefulness and success. For that reason, the Committee is of the view that the time has come to relax some of the statutory and administrative constraints originally applied to such guaranties, in order that they can be applied more widely and less equivocally. Among such measures:

We support the proposals under consideration by the Congress which would: (1) raise the \$2.5 billion statutory ceiling on the guaranties against inconvertibility, expropriation and military hazards to a new level of \$5.0 billion; (2) relax the statutory requirements for enterprises eligible for guaranty, to permit the coverage of foreign corpora-

tions jointly owned by more than one U.S. company; (3) relax the 20-year statutory limitation on the life of guaranties; and (4) permit AID to use income from the guaranty program not only for the management and custody of assets but also for certain other operational costs associated with the guaranty program.

We urge in addition (5) that enterprises be permitted to insure comprehensively for all three categories of risk, rather than for each risk separately, thereby reducing the total amount of insurance coverage required; and (6) that consideration be given to a reduction in the rates applicable to such insurance so that the coverage of two specific risks costs $\frac{3}{4}\%$ rather than 1%, and the coverage of three specific risks costs 1% rather than $1\frac{1}{2}\%$.

In the case of the housing and extended risk guaranty provisions, experience under the law is a good deal more limited. By June 1, 1965, housing guaranties totalled only \$121.3 million and only three contracts had been signed under the extended risk guaranty.

The early caution exercised by AID in administering extended risk guaranty authority is understandable, especially in cases where the business commitment involves a direct investment (that is, an investment coupled with management and control). Businessmen managing the enterprises in which they invest cannot expect to be protected from all the hazards of their operation. Nevertheless, the Committee believes that a really significant potential may be in the extended risk idea. Through it we see a way to make investment in less developed economies attractive, or in many cases even legally possible, for many United States institutional lenders. The Committee recognizes that such insurance may one day result in large claims against the U.S. Treasury. It accepts this as preferable to alternative ways in which development can be stimulated. Accordingly:

We recommend an expansion of the extended risk guaranty. In undertakings in which businessmen are willing to risk as much as 25% of the total investment on a junior basis, an amount not to exceed 75% of the investment should be eligible, upon approval by AID, for a 100% extended risk guaranty. To permit adequate opportunity for the development of such programs, we recommend that the statutory authority to issue housing and extended risk guaranties be prolonged to June 30, 1969. We recommend also that the \$25 million guaranty limit in connection with loans and the \$10 million limit in connection with other investments be removed.

It is well to note that some of the more common risks of business investment in the less developed countries are not covered by existing guaranty programs. The most obvious of these is the possibility of a devaluation of the currency. Concern over devaluation has probably been the largest single source of worry to prospective and committed foreign investors.

There are various ways of reducing the devaluation threat. If an investment is in the form of debt, the debt can be denominated in dollars or other hard currency. Hedges of one sort or another are also possible. But none of these devices covers all the major forms of investment; and some of them are exceedingly costly to maintain.

The concern over the effects of devaluation is particularly important because the reaction of local and foreign investors to that fear can sometimes imperil the stability of the economy of a less developed country. From time to time, a wave of capital flight may seize a country, accompanied by money stringency within the economy and foreign exchange instability without.

This is a well known problem—so well

known, in fact, that on the whole its effects are exaggerated rather than otherwise. The oft-repeated guess that capital flight from Latin America in recent years has approximated \$10 billion, for instance, is patently without any statistical foundation and probably grossly wide of the mark. Yet the problem is real. The obvious "solutions" to the problem, such as governmental control over capital movements, usually suffer from major drawbacks of a practical kind.

One possibility which has been proposed, however, seems to the Committee to offer sufficient promise to warrant further development. This is the generation of a guaranty fund by the less developed countries, which would permit them to offer external guaranties of indemnity against the impairment of value resulting from devaluation. Obviously, such a guaranty could not be broadly extended in any economy. But it might be possible to conceive of a guaranty applicable to the working funds of key enterprises. Such a guaranty might conceivably reduce inventory hoarding, mitigate the drain on working capital funds, and dampen capital flight when devaluation threatened.

Many operating aspects of such a guaranty would be novel and difficult. In the first place, if the guaranty is to mitigate capital flights, it would have to apply not only to foreign-owned investments but to locally-owned investments as well. In the second place, if the guarantying institution is to offer a credible guaranty, it would probably have to be operated as an international one and maintain some reserves outside the less developed countries.

Finally, the question of the size of loss generated by a devaluation would need to be carefully defined. For instance, the normal net working capital of the enterprise and debt denominated in non-local currency would almost certainly be included in such losses, the undepreciated portion of fixed assets almost certainly would not. To carry these possibilities further:

We recommend that the United States Government urge the World Bank and the Inter-American Development Bank to explore further the feasibility of setting up a guaranty system which would selectively indemnify both locally-owned and foreign-owned enterprises in the less developed countries against the effect of a devaluation.

The conditions of entry

After a businessman is persuaded that opportunity exists and risks are tolerable, he has still to establish many remaining conditions of entry.

Most less developed countries have various laws aimed at either encouraging or regulating new investment. As a result, one major phase of the process of direct investment is detailed and protracted negotiation with officials of the host country over the terms of entry. Although businessmen often wish that this step could be avoided or compressed, the stimulus for negotiation usually comes from both sides rather than from the government alone.

In such negotiations, the prospective investor often seeks concessions such as: a guaranty on the right to withdraw profits or capital; a waiver of tariffs or import prohibitions on machinery and raw materials; a waiver of taxes on income; a promise of protection from competing foreign imports; a guaranty that work permits will be issued to foreign managers and technicians associated with the enterprises; or an understanding that the government will provide local transportation, power, land or capital at preferential rates. Governments for their part are likely to demand: employment of local managerial and technical personnel; purchase of local materials; sale of some of the equity in the enterprise to local interests.

One could hope that the less developed countries might move toward a system of law

and a pattern of administration in which conditions of this sort were codified and applied on a non-discriminatory basis. On the whole, we believe that movement in this direction, by removing some of the initial uncertainties confronting the private investor, would tend to stimulate such investment. The Committee is content to note the point, and to express the hope that AID will bear it fully in mind in any subsequent efforts to improve the investment climate.

Of the various provisions which are negotiated at the time of entry of new investment, few create as much difficulty as the insistence of many less developed countries that local partners should be taken into the enterprise. There are a number of reasons why governments in the less developed countries often insist on local partners. One reason has been suggested already: the fear that the foreign-owned enterprise may exercise an undue measure of control over the economic life of the country. Even if a government has no real concern in an individual case, the fear of being vulnerable to domestic criticism may lead it to insist upon some degree of local ownership. A second reason for concern on the part of local governments is the fear of a future balance of payments drain in the servicing of a large foreign investment in the country. As local governments see it, foreign investments grow largely on the basis of reinvestment of local earnings and of local bank borrowings. But as they grow, the potential drain through dividend remission continues to swell. To be sure, the full balance of payments effects of any given foreign investment are difficult to measure. It is not surprising that local governments try to mitigate those effects by insisting on some measure of local ownership.

On the other hand, there are perfectly good reasons why some enterprises should find it necessary to resist demands of this sort. The partners in any joint venture do not always have parallel interests. Conflicts can arise over pricing the machinery and industrial materials expected to come from the United States parent, over the assignment of markets by the parent to its different subsidiaries, or over dividend policy and reinvestment policy.

It is no great wonder that many direct investments are abandoned over the thorny issue of joint ownership. Nor does the Committee see any easy way out of the dilemma. A few firms have been known to generate industrial projects in some less developed areas, with either the unilateral intention or the express commitment to sell out their equity interests to local owners within a limited period of time. Occasionally, foreign firms have undertaken to manage enterprises on a fee basis without equity commitments. Some firms have been persuaded to take on local partners, provided the local partners were either firm employees, small public stockholders or a reliable local investment banking institution; some of the recommendations proposed below may help to the extent that they contribute to broadening capital markets and financial intermediaries in the less developed countries.

These approaches, however, are likely to be quite unattractive to many, perhaps most, foreign business enterprises. And for many of these—for good reasons—the wholly-owned subsidiary may be the only acceptable approach. A realistic identification of an issue is sometimes a necessary prelude to its solution. The Committee hopes that this review will contribute to that end. Therefore:

We recommend that the United States Government support both wholly-owned and jointly-owned enterprises in the less developed countries, and that it avoid any doctrinaire position on the issue.

We recommend further that where the prospective investor has legitimate concerns regarding the nature of the arrangement

proposed by the host government, and wishes to enlist the support of the United States Government in expressing these concerns to a host government, the United States Governments should consider sympathetically the possibility of lending such support.

The taxation of income

It is axiomatic that any measure which increases the prospective yield on an investment increases the investor's inclination to make the investment. As a result, there have been numerous proposals to stimulate investment in the less developed areas by reducing the tax burden on the income from such ventures.

To appreciate the import of some of these proposals, a brief description of the existing system is needed.

As a rule, United States taxpayers are not subject to taxation on profits earned by a foreign subsidiary until those profits are brought home to the United States. To be sure, there are some important limitations on this general rule. For instance, profits earned in overseas branches of a United States corporation, as distinguished from an overseas subsidiary, are ordinarily taxable from the moment they are earned. Certain profits paid as dividends by subsidiaries to foreign-based holding companies also may be subject to United States taxation before the profits are brought home. But the general principle remains that overseas profits are not taxable until brought back to the United States.

When the income does become taxable under United States law, the taxpayer is given a credit for income taxes that may have been paid to a foreign government on the same income. The calculation of the tax credit is a complicated business, but its intended effect is to ensure that the total of foreign and United States income taxes levied against a dollar of income will not exceed the regular United States corporate tax rate; unless, of course, a higher rate has already been levied in the foreign country, in which case that higher rate fixes the ceiling.

At various points in this complex procedure, United States law and regulations make important distinctions in the treatment of foreign income, depending on whether the income originates in the less developed countries or in other foreign countries. In general, these distinctions favor the less developed countries. For instance, the formula for calculating the United States tax credit discriminates in certain cases in favor of investments in less developed areas; in those cases, the total tax paid by the investor is less than he would pay on the same amount of income if it arose elsewhere, such as in the United Kingdom or even in the United States proper. Furthermore, United States tax rules about the taxability of income received by foreign holding companies are more lenient if the income is used for reinvestment in less developed countries than for other purposes.

In approaching the problem of tax concessions as a means for stimulating investment in the less developed areas, one has to recognize that tax considerations are only a part of the problem. An investor who considers a new undertaking in a less developed country ordinarily has only the most approximate notions about the size of the market, the costs of production, the prospects of competition, or the difficulties of operation.

Accordingly, there is a strong tendency to decide these investments on the basis of two kinds of questions. First, what is the chance that the investment, once made, may be lost? Second, what is the risk that failure to invest may undermine the investor's long-run position in an important market?

In examining the many proposals for tax relief to investments in less developed countries, therefore, the Committee has considered of great importance those tax measures

which deal with the contingency of income loss. The Committee regards this problem as important for other reasons as well. When United States enterprises operate subsidiary undertakings in the United States, they can offset losses in such subsidiaries against gains in their other operations. When the subsidiary venture is located abroad, however, United States enterprise as a general rule are prevented by our tax laws from offsetting foreign losses against domestic gains. Accordingly:

We recommend that the United States tax laws and regulations be amended so that the United States taxpayer's right to offset losses in subsidiaries against taxable income from other sources would be the same for subsidiaries in less developed countries as it is for subsidiaries in the United States.

There are a number of other aspects of United States tax law which appear to operate to the relative disadvantage of investment in the less developed areas. In 1962, United States tax law was amended to grant United States firms a 7 percent income tax credit on added plant and machinery investments; but under the law, plant and machinery to be used outside the United States ordinarily does not qualify. Since then, an agreement has been signed with Thailand, to be submitted to the Senate, which provides among other things for application of a 7 percent credit to United States taxpayers' purchases of plant and equipment for use in Thailand. A similar agreement has been reached, in principle, with Israel; and the subject will be considered in current negotiations with India.

In principle, the Committee thinks it is desirable to remove any provision that penalizes investment in the less developed countries. Accordingly:

We recommend that the United States Senate accept the provisions of the United States-Thailand tax treaty which would apply a 7 percent investment credit to United States-owned investment in Thailand.

We recommend also that the United States Government take steps to apply the same treatment to investment in other selected less developed countries, either by legislation or by treaty.

Among the boldest of the tax proposals to stimulate United States investment in the less developed areas is one which would allow the United States taxpayer to reduce his total tax bill in the United States by an amount equal to 30 percent of certain investments made in a less developed country. (The credit would apply also to reinvestment of profits, to the extent that the reinvestment exceeded half of the profits.) In effect, so long as the United States taxpayer had taxable income, whatever the source of that income might be, he could arrange to be repaid for 30 percent of the investment in a less developed country out of credits granted against his United States tax bill.

The Committee is well aware that discriminatory tax devices must be employed only sparingly as a means to achieve national ends. In this case, however, we see a compelling need to increase the flow of private investment to the less developed countries. This need, in the Committee's view (with one member dissenting), justifies special measures such as the 30 percent tax credit. Accordingly:

We recommend the enactment of a proposal for a tax credit equal to 30 percent of the investment by United States investors in productive facilities in less developed areas, to be applied against the total United States tax liability of such investors.

The Committee also believes that the tax-sparing proposals which have been made from time to time in the past are worth further study. These are proposals which would allow the United States taxpayer, in the calculation of his U.S. liability, to receive a credit for taxes normally payable to a foreign government, but from which he has actually

been "spared" by tax exemption or holidays under the laws of the foreign government. Accordingly:

We recommend that the encouragement to investment offered by such tax-sparing measures in less developed countries should not be negated by United States tax laws.

The application of antitrust law

United States antitrust laws are another uncertainty besetting overseas investors. By their terms, some of these statutes apply not only to the activities of businessmen inside the United States but also to activities outside the country.

Statutes of this sort pose a dilemma. On the one hand, it is easy to envisage an agreement, entered into outside the United States, which stifles competition in the import or export of goods or services and which does injury to the United States economy. On the other hand, it is also easy to picture a case in which the managers of United States owned subsidiaries in foreign countries may find themselves obliged by United States law to adhere to standards of conduct different from those of their local competitors, thereby weakening their position in these countries.

This is a real problem. Nevertheless, the proposal sometimes made that "antitrust should stop at the water's edge" is hardly defensible in the light of United States interests involved in imports or exports. Besides, such a policy on the part of the United States could be construed by the rest of the world as a tacit confession that a free enterprise system is not an exportable commodity. On the other hand, the application of United States statutes to transactions abroad, without regard to the difference between domestic and foreign settings, would be equally indefensible.

From time to time, it has been suggested that United States antitrust agencies might make greater use of a procedure for the advance clearance of doubtful arrangements. The Committee believes it is unrealistic to hope that the businessman's uncertainty about the legality of his international arrangements under the antitrust laws can be reduced very much by an extension of the advance clearance procedure. In the case of international antitrust problems, what the authorities would be asked to judge in advance is a complex system of relationships which are likely to evolve and alter continuously over the years. In circumstances of that sort, the authorities can be expected to offer a "clearance" with so many qualifications that the procedure would be of little practical help to business.

Nevertheless, there may be other ways to take the edge off some of the genuine uncertainty now existing in the international antitrust field. One approach which the Committee believes has merit represents an extension of the practices which the United States Government has already begun to follow in cases with international ramifications—practices of consultation and collaboration with other foreign governments where the interests of nationals of those governments are involved in an antitrust suit.

Intergovernmental collaboration on antitrust cases can achieve one important objective for the businessman: while it cannot serve to clarify the murky corners of United States antitrust law, it may be able to reduce his problem of being responsive to the disparate standards of a number of different jurisdictions all at the same time. Such a possibility would exist if, for example, the United States were prepared in practice to agree with other selected countries on the limits of application of their respective jurisdiction in antitrust matters.

Fifteen years ago, such an approach might have come very close to the proposal that United States antitrust philosophy should stop at the water's edge; for, at that time, one would have had difficulty in finding a

nation abroad with much interest in the maintenance of a vigorous competitive system. Today, however, the situation is changing. The European Economic Community is on the threshold of an extensive period of enforcement of its antitrust regulations. The Scandinavian nations now have a fairly significant record of effective antitrust enforcement, using their own distinctive standards and procedures. The United Kingdom, after nearly two decades of experimentation with different approaches to the antitrust problem, now is contemplating some added steps in the application of the philosophy. Canada also has an antitrust statute with a record of enforcement. In other countries, as well, the antitrust concept is active.

Our concern here, of course, is with investments in the less developed countries. The complexity of corporate ownership patterns is such, however, that the jurisdictions of the advanced nations may well be involved in arrangements affecting the less developed areas. Besides, methods of consultation and jurisdictional division worked out with the advanced nations may serve as prototypes of what may eventually be possible in agreements with less developed countries. Accordingly:

We recommend that the United States Government, working through its bilateral treaties of establishment, through the mechanisms provided by the OECD, or through other appropriate means, widen and strengthen its collaborative practices with other governments in the antitrust field. Wherever the activities of such governments seem likely to raise the problem of multiple standards and jurisdictional conflict in the application of antitrust policies, a major objective of the collaboration would be to reduce the uncertainty of the businessman concerning the jurisdictional authority and antitrust standards which would apply in his overseas activities.

SECTION 3: THE FLOW OF FINANCE CAPITAL

Capital is a scarce resource in the less developed countries and its scarcity impedes development both in the public sector and in the private sector. To deal with it, a number of capital sources have been created by agreement between governments. Some have been bilateral in character, such as the loans and grants to governments under the United States aid program; some have been multilateral, such as the loans of the World Bank and the Inter-American Development Bank.

While public funds have been moving into the public sectors of the less developed countries, programs to direct capital toward the private sector have been slower in developing. This delay has been due in some countries to an ideological bias in favor of public investment. But more often, it has been due simply to the difficulties of mobilizing private capital and of channeling capital to the private sector. They are formidable in countries which are just beginning to modernize and grow.

Of course, not all types of capital are equally scarce in the private sectors of the less developed nations. Suppliers of equipment from many advanced countries, often acting with the help of their governments, are prepared to offer medium term credits to private enterprises in the less developed countries. The money market in New York readily absorbs the short-term dollar paper of a considerable number of well-known enterprises located in Latin America. But long-term capital or equity money is quite scarce, even for the well established venture. And, if the venture is small or untried, any kind of capital is scarce except at the most elevated rates of interest. This problem must be dealt with if a private sector is to flourish. And there is every reason to hope that the problem may be aided by appropri-

ate action in which the private and public resources in the United States can play a part.

The balance of payments issue

The first question which the United States has to face in dealing with this issue is whether it is prepared to allow its own foreign exchange resources to contribute to the solution.

For the past five or six years, the United States has been deeply concerned over the country's steady loss of gold. Understandably, our government has taken a number of steps to check the flow. In making public loans and grants in the foreign aid program, for instance, the United States Government has "tied" the aid so that the money would be spent on United States goods and services. About 85 percent of United States bilateral aid is now tied in this way.

In the private investment field formal "tying" of this kind is not feasible or desirable. Accordingly, over the past year or two, the Administration has felt the need to apply a series of measures to constrain the export of United States private capital. The principal measures have been: a 15 percent tax on certain types of capital raised by foreigners in the United States markets; a voluntary program by which United States parent companies would try to improve the net balance of payments effect of their overseas subsidiaries' operations by 15 or 20 percent; and a voluntary program by which United States banks would hold down increases in their foreign lending to 5 percent per annum.

From the start, official policy has sought to make clear that these restrictive measures were not directed at the less developed countries. For those countries, the United States aim of stimulating economic growth was to take precedence over its aim of controlling the outflow of United States capital. Accordingly, the 15 percent interest equalization tax was made applicable only to capital exports destined for the advanced countries. For the same reason, the voluntary program for improving the balance of payments performance of United States companies with foreign interests was limited to transactions with the advance countries.

But the distinction was badly blurred in the Federal Reserve Board's voluntary program for curbing overseas bank lending. Here, the ceiling imposed on bank loan increases was global in nature. The only special recognition given to the less developed countries was a recommendation to banks that, within the global quota, priorities be given first to export loans and, second, to loans for the less developed countries.

The available figures suggest that this formula markedly curbed loans which otherwise would have gone to the less developed areas. The recent monthly rate of long-term lending to the less developed areas by U.S. banks has been only about three-quarters as high as the rate in 1964. Although total loans outstanding to these areas from United States banks have been increasing by several hundred million dollars yearly in past years, indications are that such loans will be lower at the end of 1965 than at the end of 1964.

A curtailment of this sort defeats the United States objective of encouraging the development of the less developed countries and, above all, of the private sectors in those countries. What is more, there is a real question whether the curtailment does much to help the balance of payments position of the United States. It is characteristic of the less developed countries that, unlike the advanced nations, they spend every dollar of foreign exchange that they acquire as fast as they acquire it. Therefore, when the less developed countries acquire dollars through bank loans, the United States runs less risk that these dollars will be converted directly into a demand for scarce United

States gold.* Only when these dollars fall into the hands of other advanced countries does the risk become real. Some of that kind of risk, it appears to the Committee, is worth taking in light of the critical importance of aiding the less developed areas. Accordingly:

We recommend that the Federal Reserve Board amend its recommendations to United States banks so that the restrictive effects on loans to less developed countries are eliminated.

Legal and institutional reform

Seventy-odd countries in the world are generally regarded as "less developed." Each has its own law and institutional characteristics, and each presents its own special problems in the mobilization of long-term capital for productive enterprise. A few common problems, however, tend to be present in many of these countries.

One basic source of difficulty lies in long-standing provisions of the commercial and corporate law in many less developed countries, designed for another era and another kind of economy. There are numerous illustrations of this kind of difficulty.

In some countries, for instance, it is difficult or impossible to collect on defaulted debts unless some tangible security has been provided as collateral. This factor strengthens the tendency of banks and other lenders to provide loans only against collateral and to avoid extension of general lines of credit so common in advanced countries.

In other cases, the problem is of quite another kind. Under the corporate law of some countries, enterprises are prohibited from making additional stock offerings except through rights to stockholders. If a significant group of stockholders is unwilling to increase its cash investment in the company and if no market can be developed for the rights, the company, in practice, may be prevented from increasing its equity. At the same time, other useful corporate instruments, such as the convertible debenture or the convertible preferred stock are ruled out.

Still another kind of problem arises when the law simply does not provide for or does not permit certain kinds of institutions. Major legal blocks can sometimes be found to bar such useful institutions as the open-end investment trust, the cooperative bank or credit union, the organized stock exchange, the factoring house, the leasing of capital assets, or the conditional sale.

Often the problems of developing an adequate local capital market are not so much problems of law as those of habit and custom. For example, in some countries the idea of having public stockholders is abhorrent both to the owners of the enterprises and to prospective investors. The owners cannot reconcile themselves to a situation in which outsiders share the prerogatives of ownership; and the outside investors cannot picture a situation in which the controlling stockholders would feel any responsibility for minority interests. Partly as a result, information of the kind that any serious investor requires is rarely available, even for very large enterprises, in the less developed world.

There does not appear to be any overwhelming reason why the leasing of fixed assets, the use of convertible securities, or the development of credit unions could not be introduced more widely. Unhappily, however, it is not enough to know what worked in the United States and Western Europe, in

order to know what should be prescribed for the less developed countries. While some of the institutions and legal provisions of the advanced nations may be exceedingly desirable and constructive, others may be meaningless or impractical. The habits, institutions, capabilities and legal structures of less developed countries are, in many cases, too far removed from those of the advanced countries to permit any easy bridging of the gap.

Fortunately, a few nations seem to be making the transition from situations of the sort just described to more modern and more efficient institutions. In such nations, the government has commonly helped to create and support institutions which worked in harness with the private sector in various pragmatic ways. Japan, which is well along toward acquiring the full panoply of modern credit institutions, is achieving its modern status by a curious mixture of state banking institutions, government-private banking partnerships, unorthodox industrial lending policies, and even more unorthodox stock flotation practices. Mexico also has begun to achieve some breadth of securities ownership, using methods which would be regarded as unorthodox elsewhere. Mexico has resorted to such practices as government-financed market stabilization of privately issued securities and government-sponsored investment trusts whose portfolios consist principally of privately issued securities. The laws, institutions and experiences of countries such as these may prove more relevant than those of the more advanced countries. Accordingly:

We recommended that a large-scale program of assistance be expanded for the development and improvement of local financial institutions in support of private and cooperative enterprises in the less developed countries; and that the program draw heavily not only on the expertise of the United States and other advanced countries, but also on expertise in countries whose institutions may be more relevant to those of the less developed countries. Presumably, such a program could be conducted not only through the auspices of public international agencies such as the Organization of American States and the United Nations specialized agencies, but also through private organizations such as those in the cooperative and labor fields which have the necessary experience and interest.

The encouragement of financial intermediaries

A number of steps for the mobilization of equity capital or long-term debt might generate results in a significant number of the less developed countries. One of these is the building up of intermediary institutions capable of mobilizing investor capital and of managing a portfolio of equity interests or long-term debt, such as development banks, savings institutions, or stock exchanges. In order for such institutions to succeed, they must command the confidence of both sides in the transaction. That is to say, such institutions must have the confidence of the principal owners and managers of the firms in which they take a significant interest, as well as the confidence of the investors who are providing the funds.

There are many encouraging examples of institutions which seem to have assumed this role with some degree of effectiveness in the less developed countries. In many countries, including Nigeria, Pakistan, Mexico and Turkey, official institutions such as the development banks have had outstanding successes. Elsewhere, locally-incorporated private or cooperative institutions seeded with foreign funds and analogous in form to United States investment trusts have produced excellent results. In addition, there have been promising foreign investing mechanisms purchasing for portfolio, such as ADELA. One suc-

cessful institution, the International Finance Corporation, is a public international agency, wholly owned by the stockholders of the World Bank.

Still other institutions of this sort have been discussed. A proposed Peace-by-Investment Corporation, for instance, would channel equity funds into the less developed countries, using United States Government credits as its source of financing in the initial stages, and relying partly upon funds from private investors in later stages; this is one added approach which desires the most careful consideration as a way of helping to fill the capital gap with private resources.

Institutions of this sort have far more potential importance in the less developed countries than in the advanced nations because they are sometimes capable of satisfying a number of special needs. First, such institutions may be in a position to undertake the initial investigations and the subsequent surveillance of investment opportunities; in countries in which corporate information is closely held, this is a critical function. Second, such institutions may be able to provide some degree of liquidity to their investors; in economies in which organized securities markets are lacking or are underdeveloped, this too can be of critical importance.

One of the more immediate methods to provide long-term money for the less developed areas relates to the International Finance Corporation. A proposal now before the United States Government is to allow the IFC to borrow \$400 million from the World Bank. At the same time, the proposal would suspend the existing requirement that IFC transactions with a private enterprise in any country must be guaranteed by the government of that country. The Committee strongly endorses both points. Accordingly:

We urge the United States Government to approve a proposal to permit the IFC to borrow up to \$400 million from the World Bank for investment in private enterprise in the less developed areas; and we urge approval of the provision eliminating the need for the guaranty of such transactions by governments in the country of investment.

In its analysis of the problems of supporting non-governmental entities in the less developed countries, the Committee has come to believe that there is a real need to brush away some of the obstacles which are now impeding access to local currencies owned by the United States Government in those countries. The Committee is aware that the greater use of these currencies raises problems, such as the need to restrain money supplies when inflation threatens, and the need to avoid policies which discriminate against local businessmen in favor of their foreign competitors. Nevertheless, use of these currencies could be widened and one productive channel is the provision of seed money for financial intermediaries.

There have already been a few instances of this in connection with the establishment of industrial banks and home financing institutions. The Committee believes this could readily be extended to entities which perform other roles, such as cooperative banks, investment companies, and mutual funds. Accordingly:

We recommend that AID review its policies with a view to widening the use of United States-owned local currencies; and in that connection, that it give serious consideration to the greater use of those currencies for increasing the capital base of financial intermediaries of both the commercial and cooperative types.

While the United States can increase the capital resources of financial intermediaries through local currency loans, it can also increase their resources by tax incentives to investors which provide the funds. For some individual and institutional investors building up a diversified portfolio of in-

* Private investment flows from the U.S. to less developed countries in 1964 were \$1.8 billion, and of this only \$522 million were direct investments. The total amount included some \$481 million of long-term bank lending and sales of securities in the U.S., and \$803 million of short-term bank loans and commercial financing—Department of Commerce.

vestments, the impact of a tax advantage can be considerable. Such investors ("portfolio investors," so-called) are ordinarily in a position to weigh many more alternatives and to figure the yield and risk considerations much more closely than the direct investor concerned with the operation of an overseas subsidiary. Accordingly, any tax advantage extended to a portfolio investor will figure explicitly in the appraisal of alternatives. Hence:

We urge the Administration to consider the possibility that any United States tax credits extended by treaty or legislation to the direct investments of United States investors in less developed countries, such as the 7% and 30% credits proposed in Section 2, also should be extended to the portfolio investments of United States corporate or institutional investors, wherever such investments meet the eligibility criteria which would apply to direct investments.

The use of guaranties

For many institutional investors, however, neither tax incentives nor loans will have much effect in stepping up the flow of long-term capital from the United States to the less developed countries. Pension trusts, insurance companies and other institutional investors, for instance, are unlikely to examine any lending opportunity seriously, however lucrative its yield, if the opportunity involves any significant risk. Funds of this sort must be managed on a fiduciary or quasi-fiduciary basis. Hence, the standard of "the prudent man," conservatively interpreted, must generally be applied. The risk of criticism is always greater, therefore, when an institutional investor pursues a relatively untried course, such as investment in the less developed areas. Yet the funds of institutional investors may provide an indispensable element in financing productive investment in the less developed areas.

No great single step will sharply increase the receptivity of institutional investors toward commitments in the less developed areas. But a series of lesser measures, taken collectively, might change the prevailing state of mind. Some of these go back to the general "climate," discussed in Section 2. Others are more specific. For instance, where countries have laws or constitutional provisions which specifically guarantee a foreign investor against arbitrary governmental treatment, the United States would do well to consider whether such guaranties cover portfolio investment. If they do not, as is sometimes the case, any efforts to improve the investment climate of such countries ought to include the objective of extending the existing guaranties.

In addition, however, the United States itself should take steps to ease the grant of specific and extended risk guaranties for the portfolio investor. AID has already shown a willingness to experiment in adapting its guaranties to portfolio investments. We think this trend should be accelerated. Specifically:

We recommend that AID tailor its specific risk guaranties to permit their easier availability to United States buyers of selected issues of foreign private enterprises. Among the possibilities which AID should explore is: arranging for the application of such guaranties through negotiation and agreement with the underwriters rather than with the ultimate buyers, thereby sparing the buyers the cost and difficulty of direct negotiations and ensuring a wider United States market for the securities involved.

It is the extended risk guaranty, however, which the Committee thinks may be a real hope for increasing the flow of portfolio funds to the less developed areas. In Section 2, we recommended that a 100 percent extended risk guaranty be available for a part of the capital provided for certain projects in the less developed countries. This pro-

vision would, of course, be available for portfolio investors if they were the source of such capital. In addition, however, we believe that AID should be encouraged to experiment with less-than-100 percent coverages for portfolio investors, where these seem useful. Accordingly:

We recommend that AID offer portfolio investors extended risk guaranties, combining risk-yield features which make selected securities of private enterprises in the less developed countries competitive with the alternative opportunities of such investors.

The sectors to be supported

Every country which supports a program of foreign aid or which insures or subsidizes the foreign investment of its citizens is caught up from time to time in a tangle of conflicting considerations. On the one hand, the aid-giving country sees advantages in contributing to the growth and support of the less developed country; yet, on the other hand, occasionally fears the consequences of the increased competitive strength of the area receiving the aid.

This conflict is painfully sharp when an aid program in a less developed country is designed to build up additional production in an industry or branch of agriculture which is already in economic difficulty in the aid-giving country. If the project in the less developed country is a textile plant, for instance, the United States might understandably be worried about creating added spinning capacity at a time when United States textile mills were not fully employed; if the project was to increase cattle production, the United States might be concerned by the fact that meat appeared to be in surplus at home; and if the project was aimed at expanding rice production, the United States might well wonder about the United States rice surplus already being financed out of United States tax money.

Nevertheless, there is not the slightest doubt where United States interests lie. Our political and our economic interests are best served by building up the productive capabilities and democratic institutions of the less developed countries. It is important, of course, that these development programs should be sensibly conceived; but sensible programs sometimes include the expansion of output of products which are in surplus in the United States. The evidence is overwhelming that the best customers of the United States are also the countries which seem to be our strongest competitors. The competition, in the end, is sorted out through adjustments and shifts on the part of both parties. Overall demand for United States products, altered though it may be, survives the shifts.

As a general rule, United States officials in AID and United States representatives to international agencies try diligently not to be diverted from their principal development purposes while dealing with pressures of individual United States industries or agricultural groups. But considerations such as these inevitably tend to build up in the analysis of any given project. And unless there is a clear, strong line inside the complex United States Government establishment, the tendency on the part of government officials, when considerations of this sort exist, may be to hesitate, procrastinate and qualify.

There is irony in the fact that when the prospective recipient of United States or international aid is a private enterprise, the intrusion of extraneous considerations of the sort just described is even greater than when a public enterprise is involved. This is so partly because government enterprises tend to be concentrated in infrastructure and heavy industry while private enterprise tends to specialize in lighter manufacturing activities. Accordingly, loans to private enterprise are more likely to provoke questions of inter-

national competition. Besides, the governments of the less developed countries tend to defend their own governmental projects more effectively than the projects of their private businessmen. The result is lopsided in terms of United States long-run interests; government enterprise projects often have clearer sailing than those of the private sector.

In a society as complex and as pluralistic in nature as the United States, it is inevitable that pressures such as these will continually arise. But it is one of the obvious principles of effective administration that any program should confine itself to a limited number of major objectives; otherwise, the program may serve no objective at all. In this case, we must never lose sight of the fact that our prime objective is the economic growth of the aid-receiving countries. At times, that objective will lead United States officials to take a considerable interest in the avoidance of harmful policies in aid-receiving countries, such as policies relating to the existence of destructive monopolies, or harmful land tenure arrangements. United States aid officials also should be interested in situations in which the competitive advantage of a foreign country is based upon exploitative wages—wages which are excessively low in light of the productivity levels in the country concerned; for wages of this sort are hurtful not only to competitive United States industry but also to the growth of the developing country itself. Interests of this sort, specific though they may be, are still essential to support the general objectives of foreign aid. Accordingly:

We recommend that, in the administration of its aid programs in the less developed countries, United States representatives be instructed to subordinate other objectives to that of securing the economic and social development of the less developed nations. In this connection, it should be recognized that United States interests are usually best served by testing any project in these terms, rather than in terms of whether the project would affect the competitive position of particular branches of United States industry or United States agriculture.

SECTION 4: DEVELOPING HUMAN RESOURCES

Economic development depends above all upon the upgrading of human resources and the improvement of institutions through which development is achieved. Capital, though necessary, cannot achieve by itself these improvements. A critical question is how best to provide the necessary human and institutional changes.

The educational structure

Part of the answer—a very large part in most cases—lies in the improvement of education in the less developed nations. When we speak of education in this context, we mean education in its broadest sense. There is not only a need to spread literacy; there is also the need to spread explicit skills relevant to the tasks that confront every nation.

In almost all cases, agricultural skills rank very high in the priority needs of the less developed countries. Some of these are simple skills, such as cultivation and conservation practices. Some are far more complex skills requiring the establishment of agricultural colleges or institutes of engineering.

Nor dare we neglect the training of a skilled and semiskilled work force, intended for industry, construction, transport and the like. Such training has been much ignored in the past, too often on the easy assumption that labor of this sort is spontaneously available. Nothing could be further from the facts. When a vacuum exists in the middle ranks of the industrial labor force, the industrial economy is bound to be crippled.

Men skilled in the technical and managerial fields are in chronic short supply in the less developed countries. Filling these deficits is especially difficult because of the long lead time needed for training.

In developing an adequate educational strategy, the problem is not only one of assessing needs but also one of maintaining balance. There are well-defined pressing short-term needs, and less precisely defined long-term needs. The limited available resources cannot satisfy all needs. The challenge to sensible planning is to maintain a proper appreciation of both kinds of need.

AID programs in most countries place a certain amount of stress on education and educational planning. But our impression is that much more attention and resources are needed for planning and execution of educational programs. We see this as a key issue affecting every facet of the development process. Accordingly:

We strongly urge AID in reviewing and responding to a country's development strategy, to place major emphasis upon the planning, host country commitments to, and the execution of educational programs. In such programs, we urge AID to use every means to tap the rich resources in United States universities, labor unions, cooperatives, business enterprises, professional societies, and other non-governmental entities which have something to offer to the educational process.

In the pages that follow, the Committee will have more to say on specific steps that might be taken to further this objective.

Export of industrial skills

There are many channels through which to assist the less developed countries in their formidable job of education. Where management skills and technical skills are concerned, the foreign branches, subsidiaries and affiliates of United States firms can make a major educational contribution. Numerous other sources in the United States are prepared to provide managerial and technical help to industry on a commercial basis. These include many engineering and management firms with a wide range of specializations and considerable experience. Still, the Committee believes that the network of communication between the prospective sources of industrial assistance in the advanced countries and the prospective recipients in the less developed countries suffers from major gaps.

We begin with the fact that, except in the case of direct investment, ordinarily a great gulf exists between the prospective source of managerial or technical assistance in an advanced country and the prospective recipient of such assistance in the less developed world. In the typical case, the enterprise in the less developed countries that might benefit from the assistance does not even exist; it is no more than an amorphous idea in the mind of some individual or local industrial bank. Or if the enterprise does exist, its conception of how it might be helped and who might help it is vague and formless. Some source of initiative is needed to focus the problem, define the possibilities, and search out the necessary managerial or technical assistance; and it would be unrealistic to assume that such initiative will be generated spontaneously from either local or foreign sources. This is why the Committee recommended in Section 2 that there should be a greatly stepped-up effort to increase the flow of feasibility studies in the less developed areas, and a major strengthening of institutions with a stake in bringing some of those studies to fruition.

If the flow of feasibility studies is greatly increased, one can hope that foreign enterprises will be persuaded to make more investments in the less developed areas. But that possibility exists only for a limited range of opportunities. To be sure, in cases in which the scale of a proposed enterprise is relatively large and the technology is relatively advanced, there may be United States companies interested in the possibility of setting up a subsidiary or affiliate. If the scale is small and the process is simple, however, few United States companies are likely

to have an interest in the operation. Measured against alternative possibilities in the United States, prospective profits in the less developed countries may seem small and risks may appear uncomfortably high. Accordingly, in the less developed countries, operations such as bakeries and dairies, paper box plants and rubber footwear plants, trucking depots and supermarkets, may be unable to secure the American managerial and technical skills needed.

If the United States firms are unwilling to invest in such enterprises, would they be willing to sell their managerial and technical skills on a fee basis to moderate-sized firms in the less developed world? On first blush, the picture is not encouraging. United States enterprises offering technical assistance to enterprises abroad use various formulas for compensation. If the agreement is broad in scope, the aided firm generally pays some percentage of the value of its sales for the services; percentage figures in the range of 4 to 8 percent are typical. The agreement may also provide for reimbursement of the out-of-pocket costs of the assisting firm.

As a rule, in arrangements of this sort, both the receivers and the givers of technical assistance are relatively large firms. Small firms that need technical assistance often have difficulty in paying for it; and small firms possessing the technology in the advanced countries often have difficulty in finding a way to export it. When a small firm is asked to provide assistance, the cost of detaching a key officer from his regular duties at home may seem especially high. The problem is to find a way of providing an adequate level of compensation which reflects the full cost incurred by the assisting firm in diverting its manpower from home-based activities.

The block to adequate payment does not arise simply from the inability of the receiving firm to pay for and the assisting firm to provide the required services. Even if both firms were willing, the governments in less developed areas are often unwilling to permit arrangements in which the compensation rate seems high, according to "local" standards. This reluctance is due partly to an unwillingness to permit the spending of scarce foreign exchange for services that may seem overpriced; but it also is due in part to the fact that foreign parent companies have sometimes been suspected of charging their subsidiaries very high fees in order to draw out profits in the form of expenses. As a result, yardsticks for licensing fees have been developed in some countries which at times impede the easy flow of technical assistance.

Even though the private recipients may be in no position to pay for technical assistance out of their own resources and even though governments may resist "abnormal" payment formulas, we believe that there are times when such assistance is well worth providing.

When technical assistance has an initial seeding effect which introduces new skills and sets new standards of performance, it can generate benefits to the receiving country exceeding anything that is reflected in the amount that the recipient firm could be expected to pay. The Committee believes, therefore, that wherever technology or managerial assistance may have a major seeding effect in an aid-receiving country, aid would be well justified in subsidizing the sale of such technology or assistance to the degree appropriate to reflect its full effects in the less developed country. Accordingly:

We recommend that, in selected cases, AID partially finance the sale of technical, professional or managerial assistance from United States organizations to entities in less developed countries, and that the subsidy contribute not only to the costs of the assisting enterprise but also to the costs of searching out and finding the appropriate source of such assistance.

The principle of AID subsidy for seeding managerial and industrial skills is not new. AID has supported numerous projects to train and educate local managers and the local labor force, through supporting such institutions as the Asian Productivity Organization, business schools and vocational education programs, the labor education center in the Philippines, and industrial technical assistance projects. AID has also vigorously supported the recruitment and training of management personnel to run cooperative housing, production and marketing ventures in the less developed countries.

The Committee has the impression, however, that there are still a significant number of rich, unexploited opportunities by which AID, acting in conjunction with foreign private groups already operating in some countries, might increase the total effectiveness of United States efforts. The Committee has been briefed on some of the unusual industrial training efforts sponsored by United States labor organizations in less developed areas. A tailoring school in Kenya, a motor vehicle maintenance school in Nigeria, and a steel workers' school in India illustrate the many industrial projects in which American labor organizations have participated. The Committee is also aware that American-owned subsidiaries and affiliates in the less developed countries already do a considerable amount of such training. Some do it simply as a normal part of their plant routine; a few pursue such training much more formally as a contribution to the development of the host country.

The use of existing industrial facilities of foreign subsidiaries for training local managers and the local labor force is desirable on many grounds. It can often be launched without much added capital investment. It can dramatize more effectively the modernizing influence of such foreign investment. And it can be used as part of an integrated program with other development efforts, such as the efforts of local industrial banks to make up a package to attract new industrial investors or the efforts of local productivity centers to enrich their industrial training programs. Where such a program involves significant amounts of added cost to the enterprise concerned, however, there is a case for AID assistance in financing such activities.

In sum, we see the possibility for a greatly expanded role for the United States aid program in building up the vocational, managerial and professional foundation of a society based on private enterprise, cooperative ventures, and other non-governmental enterprise activities. We see some of this role being achieved in cooperation with various private groups, including universities, labor unions, cooperatives, and enterprises operating abroad. Accordingly:

We urge AID to actively promote the development of management schools and vocational institutions in the less developed countries capable of generating the manpower needed for the management and operation of a society based on principles of private enterprises, cooperative ventures, and other non-centralized enterprise forms. We also recommend that AID survey the possibilities of more extensive use of facilities of American-owned subsidiaries and affiliates in the less developed countries for training purposes; and that it undertake to provide financial support, using local currency as available, for such added training activities as these enterprises or other organizations might be willing to undertake with the use of those facilities.

Export of professional skills

There are a profusion of person-to-person contacts between managers and technicians in the advanced countries and those in the less developed areas, arranged through governments, through private enterprises, through foundations, through labor unions,

and through many other types of organizations.

Among the many productive contacts that have developed are those between members of the construction industry of the United States and their counterparts in the less developed nations. These contacts, for the most part, have been the result of joint work in the field. AID's major role in promoting such contacts is suggested by the fact that American engineering and construction firms have been working on AID-assisted projects amounting to about one billion dollars annually.

The creation of public works and private structures has always been an important training ground for managers, engineers, architects and craftsmen in the less developed areas. Its importance as a training ground has been enhanced by the fact that the United States and international agencies, when financing construction in the less developed areas, have ordinarily insisted upon appropriate standards of design and workmanship. This, in turn, has brought a steady flow of foreign consulting engineers, architects and construction specialists into the underdeveloped areas. In many cases, these specialists have broadened their impact by conducting formal training courses for local construction personnel. These training courses have been so useful, in fact, that we believe that AID should make provision for such courses as a normal part of any major contract for construction or design.

United States technical assistance from the private sector is not, of course, confined to engineering and construction skills. A considerable number of other professions have offered their services on a contract basis in the less developed countries. A number of management consulting and economic research firms, for instance, have acquired valuable experience in less developed countries.

For a time, it appeared that the United States private sector might be inadequately represented in the flow of technical assistance of this sort. Earlier versions of the Foreign Assistance Act had directed the President, as a matter of preference, to draw on governmental resources in the technical assistance field whenever such resources were available. The Committee is pleased to note that the Foreign Assistance Act of 1963 reversed the order of preference, so that technical assistance is first sought from private enterprise on a contract basis. In practice, this has come to mean that when the skills of government agencies are called upon, they usually are of a kind which cannot readily be found in the private sector. For example, the Committee notes with approval that government agencies skilled in public works, such as the United States Bureau of Reclamation and the Bureau of Public Roads, usually limit their interests to large general problems of national public works planning, while private firms are used to handle the more specific design, supervision, and construction problems.

The many contacts between the United States private firms and local counterpart professional groups have produced some exceedingly fruitful results. In Turkey and Iran, for instance, the recent appearance of a skilled and competent body of local private engineers can be credited partly to such contacts.

Effective private participation in these technical assistance activities could be widened, however, if the various financing and guaranty facilities which now are extended to exporters of goods from the United States private sector were as readily extended to "exporters" of personal services. In some cases, the firms involved cannot afford to finance their activities over an extended period of time, while awaiting payment from

the private organization or government agency to which their services are being extended. In other cases, such firms are understandably unwilling to accept the special risks of inconvertibility or political change that may be involved while awaiting payment. This is a difficult and complex field, to which AID and the Export-Import Bank have been giving increasing attention; indeed, a number of steps have been taken of late which seem formally to expand the facilities available to firms rendering technical assistance abroad. But our strong impression is that more progress can be made to place "exporters" of services on a parity with exporters of goods. Accordingly:

We recommend that AID and the Export-Import Bank review their present policies for extending guaranties and export credits to exports of technical and professional services destined for the less developed areas, with the object of eliminating any remaining disparities of treatment between exports of service and exports of goods.

Export of agricultural skills

About two-thirds of the work force in the less developed countries earn their livelihood from the land. Practically all the people of such countries depend upon local food supplies for their existence. The desperate race between population growth and food production in the less developed countries is so well known and so widely documented that we need not labor it here. So critical is this problem that it justifies the greatest attention of AID. Where industrial feasibility studies are concerned, those which relate to expanding the supply of fertilizer or insecticides or which relate to the transport and processing of foods will merit an especially high priority. Where technical assistance programs are being considered, those which can draw more agricultural expertise out of United States colleges and extension services should merit the highest attention. Where persons skilled in cooperative practices can be tapped, their assignment to the development of cooperative organizations in the agriculture field should be given first consideration.

It is precisely because the promotion of agriculture rates so high in the list of development objectives and because that promotion involves so much of the economy of the less developed countries that the Committee finds it difficult to isolate any particular facet of the issue for special consideration. We can only urge that all the detailed recommendations contained in other parts of this report be read in the light of our special concern for the future of agricultural production in the less developed world.

Generation and adaptation of new knowledge

It must not be assumed, however, that enough knowledge already exists in the United States to permit us to prescribe what needs to be taught in the less developed areas. One lesson which has been driven home to those who are familiar with technical assistance programs is the basic fact that techniques which work in Topeka, Kansas, may have little relevance in Tegucigalpa, Honduras. All the knowledge that is needed for efficient economic development simply does not yet exist.

It is in the field of agriculture, in fact, that our ignorance is most in evidence. The necessary programs in this sector cover such disparate subjects as: changing the structure of village cultures; altering the institutions of land tenure; developing an appropriate educational system; building a system of farm-to-market roads or irrigation works or drainage canals; creating the rural institutional base through which help can be channeled; generating an effective credit and marketing system; and developing an

industrial complex capable of providing the machinery, chemicals and other processed materials that are needed by modern agriculture.

A greatly expanded program of agricultural research is needed. Among the lines of research activity that seem self-evident to the Committee are these: much more research on the physical impediments to agricultural productivity, country by country, region by region, crop by crop; much more research on the development of appropriate plant strains and production techniques, by areas and by crops; much greater understanding of the cultural and institutional barriers to increase output; greatly increased testing of rival approaches to agricultural organizations and education. These lines of agricultural research, however, should be thought of as illustrative, rather than exhaustive. A review of some of the on-going programs in some countries, such as the Comilla experiments in East Pakistan, the International Rice Research Institute in the Philippines, and the Rockefeller Foundation's cooperative work in corn, wheat and potatoes at the National Institute of Agricultural Research in Mexico, will suggest added approaches capable of extension to other areas and other crops.

Our ignorance of what works and what does not is also evident in fields other than agriculture. For example, we are unsure about the kind of public administrative systems that might work in the varied circumstances of Latin America, Africa and Asia. We are uncertain about the type of educational techniques and educational curricula that might be most appropriate to the state of literacy and kind of society encountered in these areas. And, ironically enough, we are even unclear about the type of industrial technology which might be most appropriate to the little markets and underdeveloped industrial environments that are characteristic of the less developed world.

It is difficult to specify the research that is needed to cover all these areas. In the industrial sector, however, the problem is partly one of finding efficient production processes in a range of industries—"efficient" in the sense that they are capable of operating on a relatively small scale with a minimum of reliance upon expert maintenance. As a beginning, AID might well identify a number of industrial processes in which the problem commonly arises and might support research in these areas by qualified research institutes, wherever they may be. Accordingly:

We recommend that AID finance increased research imaginatively related to the agricultural, industrial, educational and administrative needs of the less developed countries. In some of these fields, such as agriculture, education, and administration, the research would no doubt have to draw heavily upon United States resources, of the sort that can be provided by universities, agricultural research institutions, and the like; but the experimentation itself would usually take place in the less developed areas themselves and should be directed towards strengthening research institutions and capabilities within these areas. Defining the problems to be studied and identifying qualified research capabilities requires of AID considerably more skill and more effort to involve the less developed countries than has heretofore been characteristic. Some of this activity might be financed by United States owned local currency where available.

The role of the non-profit institutions

As some of our earlier discussion has indicated, much of the significant work undertaken by Americans in helping to upgrade people and institutions in the less developed world has been done neither by public offi-

cials nor by private business; it has sprung spontaneously from the non-profit organizations of all types which are so prominent a feature of American life. Some of the accomplishments of these groups have been striking: the strengthening of educational systems; the formation of democratic trade union movements; the establishment of credit unions and housing cooperatives; and the planning of national economic and social progress. The initiative of so many groups in extending a hand to counterpart organizations, often without support or recognition from official sources, is a tribute to the strength of American pluralism.

In some cases, however, activities of this sort have required outside help. To fill this need, AID in some instances has provided assistance either in hard dollars, local currency, or surplus food and freight costs. But there have been times when groups such as these have felt frustrated by their seeming inability to draw swiftly and easily upon official support for productive local activities in the less developed countries.

In Section 5, we shall propose some general organizational measures which will have a bearing on the aid program's future role in this area. Whether or not these general organizational measures are adopted, we see certain substantive steps as being widely desirable. It seems clear that non-profit organizations which spring up in the less developed countries, such as incipient cooperatives, young labor unions, and new hospitals or schools, as a general rule are even more ignorant of the possible sources of outside help than a prospective entrepreneur would be. The job of fashioning a bridge between such groups and potential sources of technical assistance abroad is extremely difficult. The job will take more money and attention, much more of both than so far has been available. Accordingly:

We recommend that AID assist in financing the development of appropriate non-profit institutions in the less developed countries and that it finance the development of links between such organizations and their counterparts in the United States through which technical assistance could be effectively provided. Assistance of this sort could take many forms, from such familiar activities as assisting educational institutions to supporting public forums and discussion groups. We see this activity, too, as a fruitful possibility for the expenditure of United States-owned local currencies.

SECTION 5: SOME ISSUES OF ORGANIZATION

AID is directly responsible for the commitment of about \$2.1 billion annually for economic assistance. Through these funds, it administers a wide range of programs, from the sponsorship of research to the extension of guarantees. To perform these functions, AID has about 6,700 Americans on its payrolls, of whom 3,900 are abroad and 2,800 in the United States.

The Committee's task is not to appraise the operating efficiency of this complex, far-flung operation. Such an appraisal is a highly specialized and difficult job, which bears only peripherally upon the Committee's concerns. The Committee has no doubt that, in an organization whose mission is as difficult and heterogeneous as that of AID, any such survey would inevitably turn up opportunities for improvement. The Committee is also clear that some of the seeming shortcomings in AID administration are unavoidable consequences of the legal and administrative structure of the Federal Government itself. The endless effort to remain above criticism—public, Congressional or Executive—imposes burdens on AID operations which are unmatched in the private sector. The need to coordinate all activity with the State Department and other branches of government also adds a dimension which gives the appearance of slowing and blurring the action of the agency.

The Committee's administrative proposals, therefore, are directed only to its main objective—the objective of releasing the energies and resources outside of government in the economic and social development of the less developed countries. These proposals stem far less from a critical view of AID's performance than from a sober recognition of the limitations under which it is obliged by circumstance to operate.

Programs versus projects

For many years, two different approaches to foreign aid have competed for resources within the foreign aid program. One is the concept that funds should finance specific projects—identified, engineered, blue-printed proposals for dams or roads or plants. The other is the idea that funds finance some of the resources needed to execute a general national plan.

AID has striven to have both—a sensible national plan for each major aid-receiving country and a well-developed set of specific projects. Frequently, however, AID has confronted the case of a country which seemed to have a perfectly justifiable case for receiving foreign aid but which did not have enough specific projects to which the aid might be attached; that is, a country which seemed to have a reasonable general plan, but a plan that did not include the kind of project activity which provided an easy focal point to which to affix the aid. In such cases, the needs to be financed have sometimes included heavy imports of spare parts or raw materials, in order to increase the rate of operation of existing plants; or large requirements for imports of light machinery, for use by a highly dispersed complex of light industry.

As between the two aid-giving patterns, Congressional committees have in the past usually expressed their strong preference for the project approach. The reasons for the preference are perfectly clear. When United States aid is identified with a specific project, there is a seeming basis for accountability, for determining whether the plan was well-drawn and the money was well-spent, which is far more obvious than in the case of the so-called program loan. The bricks and mortar are visible and tangible, a test of United States capabilities and a witness to United States willingness to provide aid.

Most sensible programs of economic development require a certain amount of large, visible installations and projects. But it is ironic that our desire for visibility and accountability frequently diverts our help from its most productive uses. Often the greatest need of a developing country is to infuse machinery, spare parts and materials into an economy that has been starved for these essentials. The sector which benefits most from such infusion, experience indicates, is the private sector. That sector's response to help of this sort has at time been spectacularly productive.

Fortunately, AID has resisted some of the pressures to concentrate upon large projects and frequently has financed large program loans in some of the aid-receiving countries, sometimes with striking results. Accordingly:

We urge the Congress to encourage not only well-conceived project loans but also well-conceived program loans in the administration of United States aid, especially when such program loans would stimulate the local private sector to a greater contribution in the process of social and economic development.

Tapping non-Government resources

Perhaps the most pervasive organizational difficulty which the Committee has encountered in its survey of United States aid administration is the underdeveloped state of liaison and coordination between official governmental agencies and non-governmental

tal organizations, both in the United States and in the aid-receiving countries.

This is not a surprising state of affairs; indeed, it would be surprising if it were otherwise. Many of the tasks to which the business enterprise, the labor union, the university and the government agencies are gearing themselves in the field of economic development are new and unprecedented. The need for intimate and continuous communication between the public and the private sectors which the present situation requires, therefore, is almost without parallel.

It would be an overstatement to say that the machinery for effective communication and collaboration between AID and the private sector is wholly absent. Indeed, in the past few years AID has gone to great lengths to find ways to try to build that machinery. A staff concerned with the role of private enterprise in the aid program has been created in AID. In addition, AID officers have regularly engaged in conferences with labor unions, agricultural groups, universities, foundations, voluntary agencies, and others concerning various aspects of the AID program. But there are still major AID missions abroad which have no effective officers concerned with building up the non-governmental role in the aid program.

One measure which the Committee regards as indispensable is the strengthening and extending of the present private enterprise staff, both in Washington and in the field, so that it is effectively represented throughout the administration of the aid program. The difficulty in carrying out such recommendations in the past has principally been one of recruitment; with a few notable exceptions it has been extremely difficult for AID to secure men with the appropriate background from the non-governmental sector.

We believe that business organizations, labor unions, foundations, and other organizations would be prepared to assist in the recruitment of such personnel, in a framework in which the men involved were rotated back to their respective organizations after a period of time in the service of AID. Such tours of duty would be of value not to AID alone, but also to the organizations and individuals concerned. Further, we believe that this need is particularly urgent in relation to private enterprise development and that recruitment of seasoned business executives with broad international experience should be given particular emphasis. Accordingly:

We recommend that AID expand and improve its organization both in Washington and in the principal missions abroad so that it is appropriately staffed with persons who, by experience and competence, are capable of acting as an effective conduit between the private sector and the official aid organization. In this connection, we urge AID to take steps to establish a basis for co-opting men from the private sector for rotation back to their permanent organizations after a tour with AID.

The delegation of operating responsibilities

AID's activities form a spectrum which extends from the most general kind of national planning operations to the most specific sort of day-to-day lending and guaranteeing operations. Having in mind some of the operating advantages of private organizations over governmental bureaus, the Committee gave a good deal of thought to the possibility of AID's delegating some of its operating responsibilities to private organizations.

Even under existing patterns of operation, of course, a certain amount of delegation takes place. Every time that AID decides to contract out some of its work instead of using its own staff, the delegation of operating responsibilities is involved. While the direct hire of personnel sometimes seems less costly, there are numerous situations in which contracting makes good operating

sense. It is easy to create a misleading appearance of economy by the use of the direct hire route; the appearance is especially misleading when it leaves a residue of specialized personnel in the AID agency who must be kept at work on a succession of jobs for which they are not well-qualified. Besides, nongovernmental organizations in the United States have specialists in many fields whose experience and skill often exceeds those which AID or any other organization could muster for their own needs. In the unceasing effort to mobilize the best United States talent to the aid task, therefore, the use of the contractor route can be an exceedingly efficient arrangement.

The Committee would emphasize, however, that simply contracting with an appropriate institution does not assure effective assistance. The skills of the individual nominated by that institution to direct the project are more important than the character of the institution itself. Accordingly:

We commend AID for its increasing use of contractors in the handling of specialized tasks and urge the Agency to extend this practice.

In the efforts of the United States Government to reach out beyond the government sector and to involve the best available expertise in the program of economic development, the establishment of effective contact with non-profit organizations has been in some ways more difficult than communication with the business community. When businessmen have services to offer to the government, a clear incentive for breaking through the barriers of government regulations and procedures usually exists. Non-profit organizations, whose technical assistance commitments, in fact, exceed the technical assistance funds administered by AID, ordinarily do not have these incentives; their programs may indeed suffer from too close an identity with the assistance programs of such a political instrument as AID. Accordingly, it is often difficult or impossible to bring the resources of government and of the non-profit organizations into an effective working relationship.

This is not an altogether new problem for the United States Government. In other contexts, the Government has tried to handle the problem in different ways. One pattern, for example, has been the creation of essentially private corporations for essentially public work. Another pattern has been the creation of public corporations or public agencies with exemption from many of the normal administrative requirements imposed by government. The form to be used depends in part on the particular function of the hybrid public-private agency involved.

The Committee has given a good deal of thought to the problem of generating one or more non-profit, quasi-private institutions which would link national or regional development programs with the resources of foundations, universities, labor unions, co-operatives, professional groups, and charitable and religious organizations. Such institutions, as the Committee sees it, could receive funds directly from the Congress, on contract from AID, from private resources such as foundations and other organizations, and from foreign governments. These institutions should be subject to as few of the restraining governmental regulations and statutory requirements as possible, consistent with the need to account for the expenditure of their funds. They should be free, for instance, to make much more flexible arrangements for the employment of academic personnel than AID itself is now able to do. Ideally, they would tend to reduce the sense of frustration and delay which non-profit organizations often feel in their dealings with government; they would tend to shorten the line of communications in technical assistance programs, so that policies agreed at the top between AID and

the non-profit organizations were not subject to frustration in the field; and they would tend to remove from publicly-funded technical assistance programs the political constraints inherent in AID which reduce the effectiveness overseas of AID's technical assistance program and which discourage the coordination of private and public assistance efforts.

More explicitly, such institutions would have three specific functions at the outset: (1) the administration of technical assistance programs both in countries, such as Libya and Saudi Arabia, which do not receive foreign aid in the usual sense and those, where AID programs are being terminated but which need help in improving their human resources; (2) the exchange of plans and information among United States foundations, universities, professional societies, charitable and religious organizations, regarding their activities in the less developed countries; and (3) the maintaining of contacts with non-profit organizations in these countries.

In due course, it should be possible to enlarge these responsibilities so that the new organizations might take over some of AID's responsibilities for technical assistance programs in countries in which AID was providing program and other financial assistance; this step would presumably come later and then only in close conjunction with AID. What is needed now is an early beginning in the bridge-building process. Accordingly:

We recommend that the Administration formulate specific proposals aimed at creating one or more organizations which could increase the technical assistance commitments of private groups and in time more effectively administer publicly-funded technical assistance programs in coordination with those which are privately-funded. In view of the urgency of the problem, such proposals should be prepared in time for consideration and adoption in next year's AID program.

While stressing the need for communication between the public and the private sectors in the United States aid program, we dare not lose sight of the fact that there are some activities by private groups in less developed areas which are all the more effective for being independent of the official United States establishment. Their independence from government support represents a strength for which the Soviet Union and the Communist Chinese have no counterpart in their foreign aid programs. Besides, their independence imparts an added measure of strength to the local institutions which they support; these institutions are less vulnerable to indications of displeasure from their own governments, and more disposed to take some of the independent positions which a pluralistic society demands. In some countries, considerations of this sort are vital in connection with certain programs such as the training of community leaders and the education of business and professional groups—programs which are now being assisted by United States educational groups business organizations, and private foundations. Activities of this sort, operating on the margin of the national sensitivities of the less developed countries, may find it desirable to avoid the drawbacks of official United States support.

There are some activities of this sort, however, which could be supported and stimulated by United States aid, provided that the aid was made available through the neutralizing filter of some local entity—some entity whose loyalty and commitment to the local culture and to the host government in the less developed country were beyond question. One approach to this need is suggested by the imaginative experiment which AID is exploring in India, where a binational non-profit foundation would be set up and financed to support a wide variety of educa-

tional and scientific programs. An entity of this sort could forge one more effective link in a chain which brought non-governmental groups in the United States in closer and more effective contact with their counterparts abroad. Accordingly:

We commend AID on its initiative in seeking the creation of a binational non-profit foundation in India; we urge AID to press forward with this experiment as a matter of high priority; and we urge that, if initial indications are encouraging, the experiment be repeated in other countries where local conditions are favorable.

The supplementing of functions

Many of the proposals suggested in this report have significant manpower and staffing implications, both in Washington and in the field. Some may lead to a reduction in AID personnel; some obviously call for an increase. The proper implementation of the recommendations proposed here may require AID to create new posts, to be filled either by additional hiring or by transfer from existing positions. The Committee would urge, however, that when a position cannot be properly filled that it remain unfilled and that AID undertake to provide those services through another instrument. Accordingly:

We recommend that AID draw up a plan for staffing the recommendations proposed in this report, and that the Congress and the Executive Branch give sympathetic consideration to the AID proposals.

The need for a continued dialogue

The Committee firmly believes that the dialogue between AID and the private sector which the Committee's operations have helped to develop should be institutionalized and continued in the future. Some of the administrative suggestions made earlier will contribute to that objective. But more is needed.

The problems clamoring for attention at the topmost echelon of AID are many and complex. In the present organizational structure, even under the most propitious circumstances, the task of broadening the role of the private sector has to compete for attention with many other issues. To maintain an effective dialogue between AID and the private sector, one element that is needed is a clear point of effective contact within the AID organization—a man and office of sufficient stature to command the respectful attention of both the non-governmental organizations outside of AID and of the hierarchy inside of the United States aid organization. It is clear that extensive international experience outside of government, as well as experience in government, would be an indispensable requirement for the incumbent.

Finally, the Committee believes that other groups which are charged with evaluating the foreign aid program ought to have a continuing concern for the role of the non-governmental organizations in that program. We have in mind, particularly, the future operations of the General Advisory Committee for Foreign Assistance Programs, appointed by President Johnson in May 1965. We commend this critical subject to their continuing attention.

Arthur K. Watson, Ernest Arbuckle, J. A. Beirne, William T. Golden, Henry T. Herold, Kenneth D. Naden, Edith S. Sampson, Sidney Stein, Jr., Murray A. Wilson.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. GILLIGAN].

(Mr. GILLIGAN asked and was given permission to revise and extend his remarks.)

Mr. GILLIGAN. Mr. Chairman, I am grateful for the opportunity to arise in support of H.R. 15750. I do not have the

privilege of being a member of this great committee under the distinguished chairmanship of the gentleman from Pennsylvania, and I do not pretend to be an expert on all of the details and the intricacies of the foreign aid program, but I have had the opportunity very recently, with 13 other Members of this House, of going to Vietnam and southeast Asia during the Fourth of July recess. We did have the opportunity of seeing at firsthand some of the effects of the AID program in Vietnam and southeast Asia. Therefore, I was astonished, not to say perplexed, by some of the remarks I heard just a few minutes ago on this floor by the gentleman from New York [Mr. FINO]. One week ago today three Members of the House, myself included, the others being the gentleman from Oregon [Mr. DUNCAN] and the gentleman from Illinois [Mr. ANDERSON], spent a day in the Mekong Delta area, in the Vinh Long area Province. We saw there the schools and hospitals being built in this area which contains 50 percent of the population of Vietnam, in which there are no sizable U.S. armed services units operating. This is a dirty, ugly, back-alley war being fought down there by very brave people with their popular forces, and there AID people are working with them side by side, night and day, to rebuild and restructure a society that has been torn apart for 20 years. I think any American citizen, and certainly any Member of this House who had the privilege that we did of being there, would be proud of what America is doing for those people.

Just to set the record straight, the school population of Vietnam in the last few years has more than doubled, and under this AID program we have developed in 1955 more new instructors in the past 3 years in the elementary and secondary school system at the hamlet level in Vietnam. We will graduate an additional 2,500 a year.

Mr. Chairman, we have underway a provision to train 1,700 elementary and secondary schoolteachers per year. By early 1968, 13,000 new hamlet classrooms will have been built, providing additional educational facilities for 780,000 children in Vietnam.

Now, Mr. Chairman, we have poured as has been said \$2.5 billion in aid into Vietnam, and we are pouring it into a country in which the Vietcong is doing everything in its power to tear up what we build faster than we can build it.

But to suggest, as the gentleman from New York has done, that these \$2.5 billion have been wasted, or that foreign aid to Asian countries cannot for some reason or other be as successful as the Marshall plan was in Europe is extremely misleading.

Over the years this country extended economic aid to the Republic of China in amounts totaling \$2.24 billion, and on our return trip from the Far East the members of the committee I have referred to had the chance to discuss the problems of Taiwan with both the Vice President, Mr. C. K. Yen, and with the President of the Republic, Generalissimo Chiang Kai-shek. Both men pointed out proudly that the economy of Taiwan has advanced to such a point that they are

now self-sufficient, and no longer require economic aid from the United States. If the Communists had not been tearing Vietnam to pieces for the last several years, South Vietnam might by now be approaching self-sufficiency.

Upon our return to Washington, last Monday night, the 14 members of the committee went directly from Andrews Air Force Base to the White House where we met for an hour and a half with the President of the United States, the Vice President, and the Speaker of the House. The President asked each of us in turn to comment upon, to criticize if necessary, what we had seen in Vietnam. No one at that table, including the four distinguished Republican members of the committee, had anything but praise for the foreign aid program in Vietnam and several said the only trouble was that we were not doing enough in the way of providing educators and doctors and public health people and more hospital facilities and more schools and textbooks.

I would therefore think that the distinguished gentleman from New York [Mr. FINO], before castigating so thoroughly this program of aid to Vietnam, would do well to consult with his colleagues on the other side of the aisle who have just returned from southeast Asia, and they might be able to provide him with the factual information which would provide the basis for him, and for the other Members of the House, to vote approval of H.R. 15750.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. LEGGETT].

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. LEGGETT. Mr. Chairman, I sincerely regret that for the first time in the 4 years I have been in Congress I probably will cast my vote against the foreign aid authorization bill. I will do this not because of a groundswell of opposition from my constituents back home, but because I believe our AID effort in current proportions is, perhaps, the most ineffective program in the Congress in terms of the dollars spent.

It is not because of a deficit balance nor loss of gold, nor aid for Communist-trading nations that I oppose this bill, but because I think the AID program, as currently envisioned, is programmed to start no place and end no place. It constitutes a mere temporary balm for the underdeveloped countries of the world and, moreover, is actually catastrophically confounding in the small country of Vietnam.

Make no mistake, I have recently returned from a visit there and I am extremely optimistic about our military effort in that country. When a \$750 billion economy such as ours takes on a \$1½ billion economy such as North Vietnam, which lacks an air force, a navy, a modern army, industry, substantial population or geography and when that effort is taken on at the \$2 billion per month rate, and when enemy dead casualties are counted at the 60,000-plus

annual rate, it is not in the cards that the encounter last indefinitely.

Success at the present time is being achieved, however, in spite of, and not because of, a large part of our AID effort.

It is true that in many areas of Vietnam our AID mission has achieved considerable success in training and assisting local personnel. The men working in this gallant effort I salute. This I have verified by many direct contacts. Unfortunately, of our \$530 million appropriated during the last year for AID, three-fourths of the total, or \$370 million, did not go into the technical assistance program at all, but was earmarked for commodity imports—CIP.

The commodity import program is not an AID program at all, but a scheme which has grown up through the years whereby 2,000 predominantly Chinese merchants unjustly enriched themselves.

It is ludicrous to have American men fighting and dying and relying on the assumption that American diplomats are making meaningful progress in the economic and political phases of the war, only to find that a large portion of our Vietnam AID program is going down the tubes.

As I explained in a recent letter to the President, the program is working like this:

Until 2 weeks ago, we were shipping one-half billion dollars of annual AID and food-for-peace goods to private importers in South Vietnam licensed by General Ky to buy U.S. gifts. They have been buying at 60 piasters to the dollar—70 piasters for food for peace—and have been selling at 118 piasters to \$1 plus profit plus no wage or price control in a 50-percent expanding cost-of-living market. Two thousand licensed Chinese merchants, an exclusive group since 1959, pay at least \$2,000 each per year to receive this booty, and in addition they pay a 33-percent tax to the government directly for the privilege of distributing AID. They say that not much of this aid gets out to rural areas. Of this major part of the AID program, I doubt if any of it goes to the rural areas. It creates profiteers and I am sure I could show the invoices and sales records to prove it. On our food-for-peace program, I attach at the end of my remarks the latest record of the 10,000-employee Department of Agriculture, Washington office, indicating what is happening to our \$100 million in food for peace going annually to Vietnam. If you are amazed that it is dated September of 1965, you share my feelings. The answer is given that the Department of Agriculture has no one in Vietnam since the Foreign Agriculture Service is really strictly a marketing agency. Apparently we are not concerned with who gets our surplus or how it is paid for or which poor people are helped, or at all, as long as our warehouses are evacuated.

Restated then, if a Chinese merchant wants U.S. pharmaceuticals from San Francisco, he has to be one of the 2,000 licensees. He orders the goods and AID pays the wholesaler in cash, and the merchant pays into the U.S. Embassy account for the goods at 60 piasters to \$1. He is free to resell the goods at any price

to anyone. Really there is nothing to stop the Vietcong from driving a truck down from war zone C, loading up the drugs in Saigon, paying 10 percent less for volume or 10 percent more because the purchaser is a known Vietcong and then driving back up to war zone C and unloading. The point is we are losing our goods in the almost ordinary course of business. No wonder only 12 to 30 tons per day were coming down the Ho Chi Minh trail a few months ago. And I point up again, we are bombing the wrong trail.

The Government of Vietnam then draws 25 billion piasters annually from the Embassy account for general purposes and collects additionally a 33-percent direct tax on these goods. The Government of Vietnam collects 15 billion piasters additionally in general taxes and runs about 15 billion piasters deficit, like the U.S. image. The AID people have said that this system cannot really be changed, because the Chinese merchants run the economy and will assassinate those who urge reform.

In the standard AID analysis of the commodity import program dated June 19, 1966, it is stated that control of the program has been improved by the Audit Division of the AID Controllers' Office in Washington, the Special Projects Auditing Division, a four-man resident team of AID management inspection, and the Vietnamese National Police and Customs Inspectors, and the U.S. Inspector General and General Accounting Office.

I have verified the true state of affairs in Vietnam as late as yesterday. I talked to AID personnel who had just returned, and they verify that only 50 percent of the Vietnamese domestic intracountry commerce can be effectively monitored.

It is alleged that the CIP is a hedge against inflation. As a practical matter, when goods normally in short supply are provided, the tendency is to bring prices down. However, when goods are introduced and unlimited amounts of piasters put into a fully committed Embassy drawing account, the effect then is not to limit the money supply but to unreasonably expand it.

I have reviewed in detail the formal analysis of the CIP by the Agency for International Development dated June 19. The document attempts to justify, rationalize and defend an operating program that I personally view as against American interests. I do not believe that one-half dozen or 3 dozen American personnel in Saigon can possibly control the thousands of shipments and partial shipments of United States and underdeveloped nation materials that sift into Saigon on vessels belonging to 100 different nations, dispersing the goods through 2,000 importers.

I have talked with AID personnel at length about reform in the commodity import program. The reforms currently being effected to strengthen supervisory personnel, to increase audits and security, miss the point.

In a war without frontlines you just cannot put three-fourths of a billion dollars worth of goods into the private economy in a vain effort to control inflation

and not have those goods wind up in the hands of the Vietcong.

I would suggest reforms as follows:

First. Allow South Vietnam foreign trade to resume its regular foreign exchange form. Merchants would then be forced to pay the going rate for commodities and if the goods are paid for in piasters, the money supply should dwindle.

Second. Provide American AID goods then not through the exclusive license group who are selling on a runaway market, but effect direct distribution of these goods all over Vietnam through controlled joint United States-Vietnam Government channels. In this way the goods could be sold at controlled prices or given away ratably over the provinces when required. We would be stopping the profiteering in our gifts, the South Vietnamese would get the idea that goods originated because of U.S. largess, and prices would be controlled since American goods constitute a considerable portion of the domestic economy.

U.S. military units now deployed all over Vietnam, working now to pacify villages would be used to assist in the supervision and distribution of the goods.

The South Vietnam Government could then be provided operating funds on a directly controlled monthly basis according to need, thus improving the control and direction needed in the current liaison between our two Governments.

To: Department of State.

Date: September 16, 1965.

From: Amembassy Saigon.

Subject: PL 480 Progress Report—Second Quarter CY 1965.

Reference:

CERP B-1221 (10 FASR-300).

Saigon's A-844, May 13, 1965—AID (US) 15-2 VIET S.

CA-4745, November 2, 1964—AID (US) 15.

CA-3472, September 29, 1964—E2 XR AID (OD) 15-2 XR AID (US) 15-6.

CA-2453, August 30, 1965—AID (US) 15-8.

FOR AGRICULTURE

Part I—Arrivals and unloadings (10 FASR-304.61)

The IBM Automatic Data processing sheets containing information on arrivals and unloadings are forwarded monthly.

No extensive damage to cargo reports were required during the reporting period.

In accordance with comments from FAS/S in future all listing of shipments will be completed prior to forwarding sheets to FAS/W.

Congestion at Da Nang has continued to cause late reporting from that Port. Solution of logistic problems is receiving priority attention from all elements of the U.S. Mission and an easing of the situation is anticipated through deployment of additional U.S. resources.

Part II—Compliance with requirement on resale, etc. (10 FASR-304.62)

The certificate set forth in the "Pattern Report" attached to CA-4745 has been made a part of the IBM page report.

Part III—Compliance with usual marketing (10 FASR-304.63)

GVN has not exported rice during the period and has observed export restrictions.

Part IV—Evaluation

No irregularities or unusual discrepancies were noted in the second quarter of 1965. It is believed information transmitted and GVN assurances are correct and adequate.

Mission continues to press for more timely reporting from Da Nang.

For the Ambassador:

LESLIE C. TINHANY,
First Secretary of Embassy.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. FRASER].

(Mr. FRASER asked and was given permission to revise and extend his remarks.)

Mr. FRASER. Mr. Chairman, I listened with considerable interest to the last speaker discussing the AID program in Vietnam. While the observations he makes of the difficulties of our AID program are important, I think to vote against the AID program is the wrong way to solve the problems which he so aptly identifies.

During the debates that have gone on in this country and in this Congress it has been pointed out that the problems of Vietnam not only involve military and economic difficulties, but involve political problems as well.

When we look to the resources here in Washington, D.C., to see what kind of assistance we can offer to that country, we find we have a Military Establishment, which we support at the rate of \$50 billion a year, which is able to, and is coping with the difficulties of an insurgency effort in South Vietnam.

But when we look to the economic problems, we find that the AID agency, ordinarily operating in the various continents of the world under peacetime conditions, is suddenly asked to take on major new responsibilities in an insurgency war—a situation for which they have been given no long-term responsibility in terms of advance preparation, training or recruitment of personnel.

The Agency has not been given the long-term responsibility for this kind of contingency and has not been given the advance authority to build up the capabilities which would be required to enable it to do a better job.

This, it seems to me, is one of the drastic shortcomings in our ability to be effective in that very small country. The way to solve this problem is not to cut the AID program and to tell the AID personnel that they are all through and that they have to go home. The way to try to solve this problem is to try to devise long-term programs accompanied by the necessary funding and the development of more effective techniques so that in an insurgency situation, AID can bring in trained personnel and programs and techniques that are suitable for the occasion. We do precisely this kind of advance planning and preparation on the military side. Why do we not do the same for the problems of supporting the civilian economy under wartime conditions?

When we turn to the political side, we must ask, where are the facilities and where are the resources in this country to deal with the political problem? We find that there is no agency in Washington that is competent or has the responsibility for political problems in an insurgency war.

Now there is an agency which works in this field on a limited basis known as

the Central Intelligence Agency. But the CIA is neither equipped nor is it a suitable agency to deal with the very acute political difficulties we find in a place like South Vietnam.

So this responsibility has fallen in large part again to the AID agency. If that agency is going to be able to accomplish anything, to make some progress and to meet these responsibilities, the answer is not to cut it back and to say that we are going to terminate the AID program. The answer is to give that agency new power and new authority and new opportunities to build up its capabilities in the economic field as well as in the political field in the context of insurgency wars.

Mr. Chairman, before I turn to my main points about foreign aid, I want to pay tribute to David Bell, retiring Director of the Agency for International Development. His wise and able leadership has been of the highest order. His willingness to do whatever was necessary not only to strengthen the program, but to help explain it and make it better understood, has been gratefully recognized by many Members of Congress. We are fortunate to have an able, experienced successor as director of AID.

I also want to acknowledge the able work of our chairman, the gentleman from Pennsylvania, Dr. MORGAN. His counsel and patience have contributed enormously to the successful work of the committee.

Mr. Chairman, in the AID bill that is before this Committee of the Whole, there is an amendment which I hope will substantially improve the ability of that agency to more effectively help the people in the developing world.

This amendment would add a new title IX to the law and it would direct the President in carrying out the economic development and technical assistance programs to place special emphasis on assuring maximum participation in economic development on the part of the people of the developing countries through the encouragement of democratic, private, and local governmental institutions.

This amendment conforms substantially to one of the recommendations made by a group of Republican Congressmen earlier this year. These recommendations were developed largely at the initiative of the able gentleman from Massachusetts [Mr. MORSE]. For this reason, I am attaching at the end of my remarks an excellent statement on development prepared by Mr. MORSE earlier this year.

It is my judgment, Mr. Chairman, that the new title IX in the bill before us will enable the Agency for International Development to accept a wider perspective and to take a broader look at the way in which the program is presently being administered around the world.

If our AID program is to be successful, we need to involve the people of the developing world in the process of development. It is not enough to work in the capitals of these countries. It is not enough to work with the central governments of these countries. We must focus on building the kind of community par-

ticipation and on building the private and public institutions so essential to development.

Mr. Chairman, the other day, I read an article by Dr. Arlan L. Rosenbloom, who had 2 years of medical practice in southeast Asia with a Medico team. His team established and operated a clinic and a surgical unit in a small provincial town. The clinic employed modern American medical and surgical techniques, enjoyed tremendous popular success and was closed 3 years later after the Medico team left the country.

Reflecting on this experience, Dr. Rosenbloom concluded that his team's work in southeast Asia was "a personal success but a practical failure." He pointed out that he and his coworkers developed a self-sufficient institution that was "out of the mainstream of the host country's program," and he passed the following lesson to us. He wrote:

Building our own self-sufficient facilities in other lands so that we can enrich our relationship to our fellow men is a noble, inspiring and ego-satisfying gesture, but it is an impractical device for today's medical needs and an intolerable anachronism in the post-colonial world. Institutions for social, economic, educational, agricultural and health development must be built from within a nation, with the motive force from the citizens of that country. This will provide realistic goals, temper the strangulation of corruption and above all insure permanence. Technical aid, especially teaching, can help build these institutions, but they cannot be molded or controlled by outsiders in the second half of the 20th century. Our best efforts must be directed to this form of aid, to help people "help themselves, for whatever period is required . . . because it is right."

These conclusions of a medical doctor who worked in southeast Asia support my own belief that the shortest, most direct road to economic and social development lies in the direction of assuring maximum participation in the development process by the people of the developing country.

This conviction is further reinforced by the cumulative experience of the foreign aid program with self-help and cooperative undertakings.

Over the years, the Congress—and particularly the Committee on Foreign Affairs—have urged that economic and technical assistance be used for programs of self-help and mutual cooperation. Loans to small farmers, encouragement of cooperative labor unions and savings and loan-type institutions, utilization of American voluntary agencies, and support of integrated programs of community development designed to promote stable and responsible governmental institutions at the local level have been among congressional recommendations. Unfortunately, in spite of these repeated expressions of congressional opinion, we find that popular participation in the development process has been increasing at a very slow rate. The bulk of activities financed with U.S. foreign assistance is directed at industrialization projects which, while necessary and helpful, appear to suffer frequently from two major drawbacks:

First, they tend to promote the development of one sector of an economy in

advance of all others; and, second, they leave largely untapped the great potential for planning and implementation of development activities contained in the mass of the people of the developing countries.

This failure to engage the available human resources in the task of development not only acts as a brake on economic growth but also does little to cure the basic cause of social and political instability which poses a constant threat to the gains being achieved on the industrial and related fronts.

It is for this reason that, this year, the Committee on Foreign Affairs decided to take a step with a view to providing a new orientation—and a new emphasis—to our foreign assistance undertaking.

In section 106 of the bill before us, the committee included the amendment which I had offered adding a new title IX to the Foreign Assistance Act. Let us again call attention to the words of this amendment:

TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.

The purpose of this amendment is clearly outlined on pages 27 and 28 of the committee report accompanying H.R. 15750. It reflects the committee's conviction that the goal of attaining more popular participation in development can best be achieved in the following ways:

Fostering of cooperatives, labor unions, trade and related associations.

Developing community action groups and other organizations that provide the training ground for leadership and democratic processes.

Making possible increased participation of such groups, and of individuals, in planning, executing and evaluating development.

Strengthening local government to enable local groups to solve their own problems.

Utilizing more broadly and effectively the experience and resources of existing private and voluntary organizations.

Building in general of democratic private and public institutions on all levels—local, State, and National.

As mentioned in the report, the Committee on Foreign Affairs expects to keep close check on the manner in which this new title is carried out. Implementation of this title should lead us to recognize some of the criteria by which to measure progress.

First among the questions which AID will be required to answer is, What are the primary institutions and methods in democratic development? We need agreement on factors as specific, as identifiable, as the economists have devised for measuring the progress of economic development: GNP, per capita income, savings, trade balances, and so on. In our report, the committee has stressed certain rather well-recognized institu-

tions through which the masses of people can participate actively in the development process: cooperatives, trade unions, trade and related associations, local government, and others. Along with these basic institutions, we need to identify other pertinent elements: public participation in the planning process; education of leaders and public on country problems; simple technical-economic measures dealing with priority needs which can be extended rapidly and widely; improvements in the dialog between governments and the people they are intended to serve; and other ways. Having carefully assessed the priority factors, appropriate designations for them are needed; headings as standard parts of our program presentations, and reporting systems.

Next, the types of assistance which can promote the development of democratic institutions must be identified along with the most appropriate and effective ways to channel such assistance.

Third, we will have to determine what percentage of a country's people are being involved, are being "reached" through these institutions and processes. Throughout the world, we have good working examples of most of the institutions and procedures we have in mind. But most of them are limited in scope. In country after country, perhaps only 10 or 15 percent of the potential members and beneficiaries of such institutions and methods are actually involved. We need simple, inexpensive techniques—within a country's present limitations of financial and human resources—to involve not just 10 or 15 percent, but 80 or 90 percent of populations; and reliable criteria for measuring the degree of involvement.

Fourth, we will also have to give thought to the quality of institutions and services. There are some countries, for example, which have a very large number of cooperatives—at least on paper. In reality, however, only a few of those cooperatives are actually viable and effective. A few "big" farmer members get loans; they, in turn, lend at high interest rates to the small farmers. Most of those cooperatives do not have a savings system; or, if they do, a farmer is forced to save without knowing why. Such situations are not helpful to the attainment of our objectives. We must devise relatively meaningful quality measurements to add to those which we use to measure quantity. It will not be easy, but we must develop such practical standards.

The interrelationships of economic, social, and political factors in development have been studied by increasing numbers of scholars in recent years. We are gaining new insights about the development process. But the operational implications from such understanding for our foreign aid program are only now being identified. Several excellent books and papers on this subject have recently been written. I have had the pleasure of reading a manuscript being worked on by Mr. Edgar L. Owens, of AID. It is a brilliant and convincing study of the relationship between democracy and development.

One excellent article in the January 1966 issue of *World Politics* discusses the social-political aspects of the foreign aid program and seeks to identify the extent to which such factors are acknowledged in the aid program. The author, Robert A. Packenham, examines attitudes in AID toward considerations of political development.

Because of the importance of this article, I am inserting at this point key excerpts from it:

POLITICAL-DEVELOPMENT DOCTRINES IN THE AMERICAN FOREIGN AID PROGRAM

(By Robert A. Packenham)

It is becoming increasingly evident, if it is not clear already, that one of the most critical problems in the overall modernization of the developing countries is political development. In South Vietnam, in the Congo, in Brazil, in Indonesia—all over the underdeveloped world, the capacity of countries to cope with their own problems, and consequently the stance of the United States toward these nations, turns in varying degrees on the successes or failures of the political systems.

Knowledge in this field, although far from adequate, is much greater than it was fifteen years ago, when large-scale aid programs began. It is known, to be specific, that political development usually depends not only upon changes in the economic system, but also upon alterations in social structure, administrative capacity, and that set of attitudes and expectations which has come to be called "political culture." Aware of these dimensions, one can better evaluate the adequacy of the doctrines of political development actually found in the foreign-aid program.

A major goal of U.S. foreign policy is to contribute to the creation of a "community of free nations cooperating on matters of mutual concern, basing their political systems on consent and progressing in economic welfare and social justice." All over the world inadequate performance by political systems is an impediment to the achievement of this goal. Therefore a strategy that could improve that performance would serve the national interest.

I. THE NOTION OF POLITICAL DEVELOPMENT IN THE ACADEMIC LITERATURE

In drawing from a substantial group of writers on the subject, it was found that they tended to stress five conditions as the prime correlates or determinants of political development. The five are these:

A legal-formal constitution prescribing such features as equal protection by the law, the rule of law, regular elections by secret ballot, federalism, and/or the separation of powers (Theodore Woolsey, Woodrow Wilson, John W. Burgess, most comparative government textbooks).

A level of economic development sufficient to serve the material needs of the members of the political system and to permit a reasonable harmony between economic aspirations and satisfactions (Marx, Beard, Milliken and Rostow, Lipset, Coleman, Wolf).

The administrative capacity efficiently and effectively to maintain law and order and to perform governmental output functions rationally and neutrally (Weber, Brzezinski, Pauker, Wriggins).

A social system that facilitates popular participation in governmental and political processes at all levels, and the bridging of regional religious, caste, linguistic, tribal, or other cleavages (Deutsch, Lipset, Scott, Weiner, Kornhauser, Almond).

A political culture—that is, fundamental attitudinal and personality characteristics—among the members of the political system such that they are able both to accept the privileges and to bear the responsibilities of a democratic political process (Almond, Beer, Leites, Inkeles, Lasswell, Parsons, Banfield, Lerner, Pye).

With the possible exception of the legal-formal approach, these determinants are not just hypotheses. There is a substantial body of literature supporting the importance of not only the economic approach but also the social-system and the political-culture approaches.

In fact, the validity of the economic, administrative, social-system and political-cultural approaches is sufficient to use them as a standard for evaluating aid political-development doctrines.

But "open-ended" does not mean "meaningless." We all know that some political systems are more developed than others, even if we have not yet specified the concept or concepts that satisfactorily formalize that intuitive knowledge. Pye points out that observers in both developed and developing societies are uncertain and ambiguous before the very notions of "underdeveloped," "advanced," or "backward," and that some of this uncertainty stems from lack of knowledge about the similarities and differences in the two kinds of societies. Yet, he concludes, "everyone seems to sense that some forms of differences are acceptable, while others are not." It is simply that concepts have not been found that identify clearly which differences are acceptable and which are not.

In the meantime, until political development may be defined more precisely, there is a considerable body of reliable knowledge about its conditions. It is this knowledge, then, that we shall use in formulating operational criteria for evaluating aid doctrines. The standard will be how aid might be used to help create the conditions of political development rather than political development itself. This standard, which embodies an indirect approach to political development, is in important respects less demanding than it would be if it incorporated a direct approach. An indirect approach is less politically sensitive in the recipient country, and it allows a political-development policy within the framework of economic and other aid programs, rather than requiring a separate program specifically for political development.

II. POSSIBLE IMPLICATIONS FOR POLICY: TOWARD A POLITICAL-DEVELOPMENT STRATEGY FOR AMERICAN FOREIGN POLICY

Among all the attempts at defining the dependent variable reviewed in this article, the dynamic-relational approach—especially as formulated by Halpern—seems the most promising. Halpern's formulation provides a simple yet meaningful model that embraces all political systems without abandoning the contextual principle and without adopting a single-instrument (such as party) strategy that is bound to be inappropriate in some and perhaps in many cases. However, even Halpern's definition should not be relied upon too heavily. The emerging nations are evolving in many and perhaps unique ways. Their political systems may embody "mixes" and processes as yet unknown or at least unrecorded. To invert a felicitous phrase of Professor Huntington's, there is much to be lost (as well as something to be gained) in closing off alternative definitions at this stage. Open-ended political-development models, which specify continuity of development but not necessarily its end point, may well be the appropriate way to approach the problem given the current state of our knowledge.

In thinking about a political-development strategy, it will be useful constantly to bear in mind at least two fundamental considerations. The first is the level and nature of points of access to the process of political development. So far as the nonclandestine instruments of United States foreign policy are concerned, there are two points of access. One is at the level of the central government, through the medium of diplomacy.

The other is at the level of the total society—all the systems (economy, family, community, and so forth) of the society. Here the medium is primarily the economic, military, and technical-assistance and information programs. Of course, aid and information programs depend on the permission of central governments. But the distinction is valid in the sense that diplomats deal almost exclusively with other government elites, whereas aid and information officials often deal primarily with the society at large. We hold that a U.S. policy of political development should use both potential points of access.

The second basic consideration is time span. A policy of political development should consider not only immediate but also medium- and long-range time spans. It should ask, what are the immediate and long-range consequences for political development of the policies of the government in power? Of the diplomatic position of the United States toward that government? Of aid and information programs? What would these consequences be if another government were in power?

At the level of the total society, decisions about economic and military aid, technical assistance, and information programs might take into account not only economic or military but also political-development criteria. Here too the definition of political development as a dynamic relationship can be used. How can the aid and information instruments of foreign policy help political systems maintain and adapt themselves as they confront, generate, and absorb continuing transformation? Existing knowledge about the conditions of political development might also be used to derive some instrumental answers to this question. For example, the economic approach would mean rigorous economic criteria for aid projects, such as those currently employed: capital-output ratios, cost-benefit ratios, rate of marginal saving, rate of export expansion, foreign-exchange position, and the like. The administrative approach would suggest the whole range of technical-assistance activities in public administration and other fields that could improve the recipient governments' output capacities at all levels of government. The social-system approach would suggest use of technical-assistance programs to develop the organizational capacity of labor unions, local communities, private cooperatives, professional and trade associations, newspapers, and the whole range of civic, educational, economic, and other groups that constitute a differentiated social infrastructure. The political-culture approach would suggest political education institutes; political education handbooks; in-service training schools; and politicization of "people to people," participant-training, education, information, and other programs to inculcate democratic values, teach bargaining skills, and in general foster a democratic political culture.

The use of such instruments in specific instances would depend upon a wide variety of factors, such as other demands of foreign policy and—scarcely to be minimized—the experience and intuition of officials on the foreign scene and in Washington about the wisdom of the measures. But the scholars' findings seem sufficiently solid today to be used as guides to suggest policy alternatives. At the very minimum they indicate some crucial new dimensions of the conditions of

political development—dimensions that are not just economic and administrative but profoundly social and psychological, and that cannot be ignored by the policy-maker.

III. POLITICAL-DEVELOPMENT DOCTRINES IN THE UNITED STATES AID PROGRAM

The remainder of this article describes, and frequently evaluates, political-development doctrines embodied in the United States economic and technical-assistance programs primarily during the period from the spring of 1962 to the spring of 1963. During that year we carried on fifty-four formal interviews with officials from the Agency for International Development (AID) in Washington and had dozens of conversations with other officials, in AID and elsewhere, involved in the aid policy process. In addition to the interviews a large body of published documentary material—laws, hearing testimony, speeches, administrative policy guidelines, manual orders and regulations, congressional reports, and various other kinds of agency memoranda—were surveyed for the study.

A. Political development: a purpose but not a policy

A dominant doctrine, especially among the highest officials, is that the overriding goal of aid, as of all instruments of American foreign policy, is the creation of a "world community" of free and independent nations, "each free to work out its own institutions as it sees fit, but cooperating effectively in matters of common interest." This goal should not be obscured even by important short- and middle-ranged considerations, such as the cold war, which "we should keep . . . in perspective as only one element in our continuing effort to achieve a viable world order." To the objection that such a goal is beyond the capacity of the U.S. alone to achieve, the doctrine provides that "the United States must nonetheless play the leading role in shaping the history of our time in that direction. This is both the burden and opportunity of our generation in this country."

The political-development content of these statements of purpose is even clearer in other official declarations of basic purpose. In his 1961 Foreign Aid Message to Congress, President Kennedy spoke of the goals of "an enlarged community of free, stable, and self-reliant nations," and "an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community." In his 1962 Message he said, "Our new aid policy aims at strengthening the political and economic independence of developing countries," and that it reaffirms "our nation's basic interest in the development and freedom of other nations." The President also declared, in his second State of the Union address, that the main goal of foreign aid is to help create ". . . a peaceful world community of free and independent states, free to choose their own future and their own system so long as it does not threaten the freedom of others." Finally, the AID Program Guidance Manual (PGM) for 1963 states explicitly that the goal of aid is to assist in the development "of a community of free nations cooperating on matters of mutual concern, basing their political systems on consent and progressing in economic welfare and social justice. Such a world offers the best prospect of security and peace for the United States."

The significance of this doctrine should not be minimized. Official U.S. aid statements do not have to stress such values as world community and independent, democratic (i.e., based on consent) states. This doctrine is a result of a conscious choice—some argue an altogether utopian choice. Nor has the government always argued the case for aid in these terms. During the period from the outbreak of the Korean War until 1960, under the Mutual Security Act of 1951 and its successors, there were few such

statements. This doctrine is not meant to be mere rhetoric. It is a serious and constantly repeated goal of United States foreign policy.

Yet these declarations bear little clear relation to specific aid objectives and programs. The approach to political development that is most often relied upon to achieve these objectives is economic; and even it is only implicit.

The interview data reveal this gap still further. At least ten of the respondents spoke of the broad, overall objectives of aid, citing, in substance, the goal of a "world community of mutually independent and democratic nations." Six of these ten took the line that to achieve this goal the best course is "to pursue economic growth consistent with democratic institutions." But they had not a single criterion, other than economic measures, that could serve as an instrumental guide or intellectual tool with which to achieve this goal. Of the other four cases, two illustrate the fundamental ambiguity resulting from the statement of political-development goals at the abstract level and the absence of objectives, concepts, and instruments with which to implement them at the specific level. The chief planning officer in one of the AID regions said, "You know, one thing I've never been clear about is what our fundamental policy is on the question of whether we're trying to promote democracies or not."

The second statement is from an office director in the Latin American region: "We're somewhat schizophrenic here. We want governments that are free and independent but also non-Communist. I suppose this makes our posture that we like them to be free to choose any type of government that won't ally with the Communists—preferably a democratic one."

These two officials have put their finger on a widespread phenomenon in AID: the absence of a clear connection between the goal of the high-level policy statements—helping to achieve a world community of independent nations based upon government by consent—and the real goals that they themselves, as operators, pursue. These two respondents have articulated this gap more than have the others, but it is there, in some measure, in almost every instance.

b. Meanings of "political development"

Not surprisingly, AID officials understood the term "political development" in various ways. This had been anticipated, but even so the meanings attached to the term were different from those expected.

One of the most common responses was, in effect, that political development is anti-Communist, pro-American political stability. According to this interpretation, aid for political development is aid for short-term political purposes. Examples are aid to shore up a crumbling, pro-American government, or aid as a bribe for a military installation, or as a means of meeting a deficit in the country's balance of payments. These uses take little or no account of the economic development plans of the country, which are so dear to the hearts of many AID officials. In fact, they may hurt economic development.

Another meaning is, in effect, economic development. When asked for a reaction to the notion of political development, the respondents approve, and then talk as if we were asking about economic development. A striking example of this was an official who said the Soviet Union was politically developed. When I pursued the point, it turned out he meant that the Soviets have a high standard of living. "Political-development function" means, in these cases, long-term rather than short-term aid; but it also means political development only in the sense of a purely economic approach.

A variant of this theme is the frequently expressed idea that political development is the absence of political impediments to economic developments. Such impediments vary greatly, and range from governments whose fixation on stability saps the vitality of economic growth to radical political forces that divert resources away from economically useful activities. In all instances, however, "political development" in this sense is a means to achieve the end of economic development. The ultimate goal is economic rather than political development.

Another, related, point is the real meaning for many officials of the term "development." AID stands for "Agency for International Development." The concept of "development," we would argue, should include but not be limited to economic development. Yet for a majority of respondents the real meaning of "development" is "economic development." For them, the two terms are interchangeable; AID is, in effect, "Agency for International Economic Development."

Thus "political development" usually means either "short-term political," or "economic development." Nearly all AID officials see the uses of aid primarily in terms of this dichotomy. As a result few officials even conceive of a third alternative, namely, *political development*. The debate between the extremes of short-term, "uneconomic," political uses of aid, on the one hand, and long-term, economic, "nonpolitical uses," on the other, seems to have hindered consideration of still other alternatives, such as (long-term) political development.

In addition, many AID administrators find it very difficult to think about society-wide political change systematically and analytically (as they often can about economic development). Those interviewed also found it almost impossible to deal conceptually with the question of how aid instruments might be used to effect "broad-scale political change." They had a strong tendency to limit the meaning of political development entirely to leadership elites in the existing central government or to those elites, immediately surrounding the existing government, who might succeed it. Elites in other levels of government (provinces, local areas), nongovernmental elites, and nonelites were usually not considered part of the process of political development. All of these tendencies continued even after it was indicated to the respondents that what was meant by political development was long-term broad-scale change in the political system.

C. Explicit attention to political development

The number of places and persons in the aid establishment that are explicitly concerned about political development is not very large. However, it was possible to identify three loci of such attention: research and planning units in the Department of State and AID; some very high-level elites; and a minority of the largely middle-level elites in AID interviewed for this study.

1. Research and Planning Units: At least three research and planning units in the Department of State and AID devoted attention specifically to the question of political development. The Bureau of Intelligence and Research (INR) of the Department of State had several papers prepared on the subject of political development and the relation of U.S. policy instruments toward it. Papers done for INR in 1962 by Richard Neustadt, Thomas McHale, Chester Bowles, and one unnamed author were circulated restrictedly in the executive branch in the fall of 1962; the paper done anonymously, "Creating Alliances for Socioeconomic Progress with Political Stability in Latin America," was, by our standards, very good. It said that the military, the labor unions, and the universities

and secondary schools are potential allies of the U.S. for "progress with political stability," and that therefore the U.S. might well try to strengthen them by channeling financial assistance through them.

The paper by Neustadt effectively argued the case for more attention to political development, but it did not do much else. The McHale paper restated the familiar notion that there are fundamental social and attitudinal differences between "folk" and "urban" cultures of which U.S. policy-makers must take cognizance. Bowles's piece fairly pointed out, with some implications for policy, that most of the developing countries are primarily agricultural. INR also commissioned at least two social scientists to do case studies of political development in individual countries. Professor Phillip Taylor of the Johns Hopkins School of Advanced International Studies, a political scientist, did one on Venezuela; and Dr. McHale, an economist with a private economic consulting firm, wrote another on the Philippines. To our knowledge neither report has been made public.

The Policy Planning Staff of the Department of State has also been interested in political development. One member of this staff has written on the subject and was perhaps the man most often identified by aid personnel as a responsible government official who was interested in and knowledgeable about political development. However, he himself was not sanguine about the amount of influence that aid can have on political development. Moreover, like most State Department personnel, he had a strong proclivity to view political development in terms of short-term rather than long-term political change, in terms of elites only rather than the political system at large, and to consider only specific political development activities rather than the maximization of the political-development implications accompanying all assistance activities.

In AID, a major point at which a political-development concern was in evidence was the Program Coordination Staff (PCS), especially its Policy Planning Staff. The Program Guidance Manual (1962) for FY 1964 has some general statements in the text to the effect that political development ought to be a consideration in planning the aid program for each country. Multiyear planning is encouraged. The Manual sets out a framework for the development of "LAS's" (Long Range Assistance Strategies) for twelve countries, some elements of which are to be applied to all countries, in the "CAP's" (Country Assistance Programs) and "GP's" (Goals Plans). Attention to political development is considerably greater here than in other manual order material we saw. The Program Guidance Manual (PGM) asks that, when planning country programs, current U.S. objectives and policies be analyzed to see whether economic and political objectives are coincidental; whether these objectives are the same for the U.S. as for the countries' leaders; and if they differ, whether the U.S. should try to change them. It then asks that certain kinds of analyses be made of trends in the country—not only economic, but also social, political, and administrative analyses:

"Aid gains in effectiveness as it supports groups that seek the goal of development. The purposes of our aid programs include the encouragement of the forward-looking elements in and out of government, and of political, social and educational reforms which advance the growth of a free and open society. Moreover, progress toward the narrower goal of self-sustained economic growth depends upon the growth and change of attitudes and institutions which fall within the social, political, and administrative sphere. For these reasons, a thorough anal-

ysis of the social, political and administrative characteristics of the country and identification of priority U.S. goals in these areas is of fundamental importance for an effective long-range assistance strategy."

The text is supplemented on this point by an annex entitled "Political, Social, and Economic Appraisal," which suggests a number of specific questions this kind of analysis should consider. These questions deal with dimensions of political development that few official documents treat in such detail, namely, the social-system and political-culture dimensions. A partial outline of the annex, with selected excerpts, suggests how far in advance of other guidelines this framework is:

1. Survey of broad social, political, and administrative characteristics of the country.

(a) What are the broad social characteristics?

- (1) attitudes towards change
- (2) culture, education, and related factors affecting development
- (3) stratification
- (4) national unity

(b) What are the general political characteristics of the country?

(1) relationship between political leadership and important segments of the population

- (a) Is the government responsive?
- (b) Is a feeling of participation, of willingness to sacrifice, present?

(c) Key groups—how does their attitude toward government affect the ability of the government to implement policies?

(d) Does center-local relationship support initiative and coordination?

- (2) political recruitment and competition
- (3) articulation of popular demands

"What role do the following play? . . ."

- (a) press
- (b) military
- (c) parties
- (d) religious organizations
- (e) labor, business, farmers' organizations
- (f) aristocrats

(4) strength and stability of present government

(5) ideology, competence, and integrity

(c) What are the general administrative characteristics of the country?

(1) How adequate to development tasks is the basic administrative organization and procedural set-up?

(2) How adequate to development tasks are the caliber and attitudes of administrative personnel?

(3) What is the political climate of public administration?

(d) What are the country's major social and political goals within the next few years or decade?

2. Statement of LAS social and political goals and [their] relation to total country strategy.

(a) Within the context of [the survey outlined] above, what should U.S. strategy view as the most important social and political goals in the country?

"What social, political or administrative changes would be feasible within the next five or ten years in order to alleviate major problems identified above, or to start or accelerate desirable trends?"

(1) political and social goals
"Identification of desirable social and political goals for another country and culture inevitably requires making some value judgements. While particular U.S., British or Western European institutions or practices may not be either feasible or desirable models for other countries, the United States is not indifferent to the direction of social and political development in AID-assisted countries. Since judgements of some kind are essential, it is preferable that they be systematic, considered, and prior to events

rather than ad hoc in response to events" (1022.2, B5).

(2) political and social impediments to economic growth

(3) relationship between U.S. and host country statements of goals.

(b) What is the optimal balance for the total country program between more immediately productive types of economic investment, and use of resources to promote social/political goals which may have only indirect and long-run economic impact?

(1) conflicting and complementary goals

(2) level of social investment where demand is intense

(3) level of social investment where demand is not intense

Another annex, "Analysis of Self-Help and Social Development," also displays concern for political development. It provides a list of "standard political and social items" that the country team might "consider . . . and either indicate the country's performance, or explain why the item is not particularly relevant to an analysis of self-help in the country." The items listed are land and income distribution, taxation system, elementary and general education, welfare programs, and political organization and popular participation. Each of these five items is elaborated in a paragraph. The paragraph attached to the last item asks the right questions, if somewhat repetitively:

"Whatever the nature of the present political system, is there a discernible trend toward bridging the gap between the local community and the national political superstructure? Are political participation and leadership becoming more broadly based? Are responsible opposition elements permitted to articulate their views of public needs and are there constitutional means by which they can gain office? Is there increasing willingness to accept electoral results as legitimate? If there is no responsible opposition, or if existing opposition is not permitted to operate freely, can different policy views be expressed and considered within the government? Are civil liberties (speech, press, assembly, worship, fair and speedy trial, freedom from arbitrary arrest and imprisonment) clearly defined and increasingly respected?"

Most of these questions in this guidelines manual are asked for the first time. Before this document was published nobody, either in the field or in Washington, had much guidance on questions they should be asking or concepts they could or should be using. Regarding his experience in Thailand, Neustadt wrote: "What of Washington? To judge from questions asked, reports requested, through the various channels to our Mission staffs, your town had not, as of December last, given much guidance on or voiced much interest in political analysis beyond the range of plots and personalities. As one official put it: 'We don't get many inquiries from any quarter: we pretty much have to guess what they want.' This certainly is not conclusive on the frames of reference held in Washington. But it is rather suggestive."

Because the PGM appeared in August 1962 (after "December last," i.e., 1961), one may hope that there has been some improvement in the situation Neustadt characterized. However, at the conclusion of this study there was considerable reason to believe that there is still not "much guidance" or "much interest" in political development from Washington. Even within the Program Coordination Staff, the office which produced the PGM, it is doubtful that the importance of political-development guidelines was fully accepted. The specific political-development concepts and lists of criteria elaborated at length in the full-length (several hundred pages) PGM (1962) are nowhere visible in a condensed (forty-nine pages) version of the Manual distributed for Agency and pub-

lic use. The absence of these concepts is significant because the condensation is presented as a "summary statement . . . of the principles which guide U.S. economic assistance programs." Political-development concepts are almost totally absent from the factors that the Program Coordination Staff said in May 1963 determine official aid strategies and types of economic assistance.

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2. Highest-Level Foreign Policy Elites: A second locus of explicit attention to political development is found in a few individuals at the highest level of the U.S. foreign-aid policy elite. Secretary of State Rusk, for example, urges that aid be used to help establish "free institutions . . . and . . . development of the individual and family status and dignity." Former Assistant Secretary Edwin Martin says that the U.S. should "support and work with groups who cherish democratic values and constitutional government." When he was the first Assistant Secretary of State for Educational and Cultural Affairs, Philip H. Coombs arranged to have as many as forty students from Angola and Mozambique brought to the U.S. to study at Lincoln University. He assumed that these countries would be independent before very long, although no one knew exactly when. After independence, they would need qualified people, including political leaders, if another Congo were to be avoided. In countries like these with small elite populations, an investment in the education and socialization to democratic values and practices of only forty students seemed likely to pay rich dividends for political development. The State Department watched with interest the activities of the Institute of Political Education in Costa Rica, a privately-financed school for young Latin American politicians. While avoiding any formal official commitment, the State Department lent moral support to the Institute and to the efforts of private American groups who helped finance it.

Chester Bowles, formerly the President's Special Representative and Adviser on African, Asian, and Latin American Affairs, and now Ambassador to India, is one of the few very high-level officials consciously and explicitly attentive to the problem of political development. "True development," Bowles has said, must be not only "economic and social," but "political as well . . . political in terms of domestic institutions which create an informed and constructively motivated citizenry." "Institution-building" is a goal of many, but few are those who see it as part of a strategy for political development. An exception is former Assistant Secretary of State for International Organization Affairs Harlan Cleveland (now Ambassador to NATO). He has said, for example, "We know that the most useful measuring rods in development are those which measure the building of institutions, rather than those which measure only production, trade or national income. We know that technicians who leave institutions behind are good technicians, and technicians who just leave techniques are bad technicians—even if everybody loves them and they are fairly dripping with cultural empathy. We know that the vigorous effort by almost all technical specialists to exclude politics from their calculations is doomed to failure."

There are still others who could be mentioned. But they are a small minority. By and large the high-level officials do not give attention to the analysis of political development prior-to-events rather than *ad hoc* in response to events; nor do they recognize again prior-to-events, "the importance of political advancement as a central [or even a peripheral] aspect of foreign policy and operations."

3. Middle-Level Elites.—The Interview Sample: The third locus of attention to political development is found in the interview

sample. Among these fifty-four officials, nearly all of whom are middle-level elites, a minority of seventeen—not quite one-third—may be said to display some attention to political development. These are officials who give some indication of having thought about political development sufficiently that it might influence some of their aid decisions. These seventeen display doctrines corresponding to approaches to political development in the following proportions: legal-formal, none; economic, six; administrative, nine; social-system, seventeen; political-culture, thirteen.

It is notable that the legal-formal approach is nowhere in evidence. Thus among not only the academicians but also these operators, legal-formal concepts of political development are not regarded as useful. It may be observed here that there is little evidence in this entire study that Banfield's charge, "Our faith that democracy can regenerate the world without coercion has led us to try one legal or institutional gadget after another," is accurate with respect to the attitudes of AID administrators. The vast majority of our evidence suggests little tendency to try to achieve political development by legal-formal means.

The administrative approach is expressed primarily in the stress on stability, or order for its own sake. This view is that aid should assist administrative apparatuses to cope with any disorder; there is less concern that it help them cope with and generate social transformation. This doctrine is found equally among generalists and public administration specialists—often more vehemently and with less sophistication among the former than the latter. Among the specialists, the administrative approach expresses itself specifically in references to the need for more public services, public-safety programs, and public administration in general.

It is frequently suggested that American foreign-aid doctrine and policy give a disproportionate amount of emphasis and resources to aid programs in administration as such. This is not quite correct. David S. Brown has pointed out that only about eight percent of U.S. technical-assistance funds from 1945 to 1963 went for public administration. Given the demands put on administrative apparatuses by social mobilization, it can well be argued, as Brown does, that the quantity of aid resources devoted to public administration in its various forms should be increased rather than decreased. First, however, other weaknesses of the administrative-approach doctrine should be corrected. One weakness is that programs of public administration are no more part of a strategy of political development than are most other technical-assistance programs. This should change. Moreover, the general stress on order and stability for their own sakes should give way to a more adequate political-development strategy, such as one that helps political systems to cope with and generate continuing transformation.

Expressions of the social-system and political-culture approaches are primarily at the level of (a) group life (e.g., development of alternatives to existing political power groups, land reform, institution-building, support of groups fostering democratic values and constitutional government), or (b) attitude change among adults (e.g., the Political Education Institute in Costa Rica, diplomatic pressure urging military juntas to hold elections, as in Peru in 1962 and Guatemala in 1963). A third possibility—childhood, especially schooltime, socialization—does not appear to have been tried. Perhaps it cannot be tried because this area is too sensitive and politically dangerous for U.S. foreign policy to become involved in it. Yet in light of the apparent importance of political socialization for political development, the mere existence of this lacuna is

significant. For it means either that an important dimension of political development is inaccessible to influence by the instruments of foreign policy, or that an important opportunity for such influence is not being used.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. BOLTON. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON of Pennsylvania. Mr. Chairman, I rise to state that I favor the current U.S. foreign aid program authorization. I believe economies and cuts can be made in the amounts, but U.S. military and economic foreign aid is clearly necessary for our U.S. security, and the defense and progress of the free world. We in the United States, with our power and stability, must stand behind our friends and allies who are in the developing countries and who are in danger from infiltration and terrorism at home, and aggression from abroad.

Likewise the United States must help the people of emerging and new countries to develop if we are to maintain our position as the leaders of the world for freedom, peace, and progress, better living conditions, and education for all. We citizens of the United States have a world responsibility that we should not neglect, and cannot avoid, except at our peril and the increase of tyranny.

I am strongly opposed to the proposed 2-year U.S. foreign aid authorization provision. It is my firm belief that a 1-year authorization which coincides with the annual Federal budget, prepared for each Government fiscal year, should be continued. The Development Loan Fund and the Alliance for Progress on my position would remain at 5-year authorizations but even on these, we must make sure that this does not develop loose handling, if so, we should return to 1-year basis.

The U.S. foreign aid program causes a fight and hot dispute in Congress each year. It should. The dangers are great, and the security of the American people is at stake.

The world in these days changes fast, and U.S. foreign policy must be hammered out constantly to meet these serious problems on an immediate basis.

To decide the exact amount needed to be authorized for U.S. foreign affairs programs throughout the world for 2 years, by multiplying the current year's authorization by the simple number of 2, is pure folly. No man, no Federal administration, and no Congress is that smart, and I am sure the world will not stand still to fit into such simple arithmetic calculations. It is pure nonsense to multiply the various authorizations by a doubling process as there are many categories and varieties of aid in many countries. The authorization process then becomes a formality, and the House Foreign Affairs Committee is put on the shelf for 2 years, while the House Appropriations Committee with annual legislation then takes over jurisdiction to set the foreign policy.

Is this basic change of U.S. foreign policy administration good? My answer is definitely "No." I oppose this weakening of the U.S. Congress. This bill will

result in a real "heyday" for all bureaucrats. If this procedure of 2-year authorizations is good for such a serious field as foreign policy, why shouldn't the U.S. Congress adopt the same rule for all Federal Government departments, bureaus, and agencies? This would open the gates wide for bureaucracy and effectively remove the control of the U.S. Congress and the American people.

When the 2-year authorization bill is passed for U.S. foreign aid, it becomes an open promise and a red apple, held out to all comers for the next year. It plainly states that U.S. lavish generosity will be continued regardless of the progress of the Vietnam war, inflation, or problems at home. The die will be cast to give U.S. foreign affairs programs precedence over all other programs, war, progress or peace, by this prior commitment of the U.S. Congress. This procedure will be fair notice that the supervision and inspection of U.S. foreign aid policy by the U.S. Congress as an overall policy will be cut down 50 percent. It will also mean that the weight and policymaking power of the bureaucrats is being increased that much in determining U.S. policy abroad.

I should like to point out some other provisions of the foreign aid bill that I think should be specifically mentioned. I first refer to section 620(n) of the Foreign Assistance Act of 1966. Last year the House Foreign Affairs Committee placed a provision in the act that I thought was better and stronger, but the conferees on the Senate-House conference committee, in adopting the conference report, changed the language so that (n) reads:

In view of the aggression of North Vietnam, the President shall consider denying assistance.

And so forth. The managers on the part of the House accepted the argument that negotiations on this matter of recipient countries of U.S. aid, would be more effective if there was not a rigid requirement that aid be terminated. I favored the position last year, that U.S. aid by statute should be terminated for any recipient countries of U.S. aid, who trade, or assist North Vietnam.

The bill that we have now before us contains the following stronger language which I firmly favor:

(n) In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

(i) any items of economic assistance.

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

I want to point out further specific prohibitions against furnishing U.S. assistance in section 620 of the foreign aid bill:

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.— * * *

(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or is participating officially in any international conference to plan activities involving insurrection or subversion, directed against—

(1) the United States,

(2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased, or such participation has ceased, and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, or that such participation will not be renewed or repeated. This restriction may not be waived pursuant to any authority contained in this Act.

[(1) No assistance shall be provided under this Act after December 31, 1966, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).]

(l) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MORGAN. Mr. Chairman, I yield as much time as he may desire to the gentleman from Michigan [Mr. TODD].

(Mr. TODD asked and was given permission to revise and extend his remarks.)

Mr. TODD. Mr. Chairman, in the course of the debate on the foreign aid authorization bill, it has been clearly brought out that the purpose of the programs is to assist the development of other nations so that their citizens may lead fruitful, meaningful, and peaceful lives. It has become equally clear that this purpose bill will not be achieved without economic progress, which in turn provides increasing resources per person in the developing countries.

But one point must be made very clear: Neither the United States, nor any nation in this world, has the resources required to guarantee increasing per capita incomes in most developing nations as long as the present worldwide population explosion continues.

To suggest otherwise is to delude both ourselves and our friends. We must be careful to avoid an escalation of expectation—for to falsely increase the expectations ourselves and our friends will result in turning our hopes into disillusionment, and our friends into enemies.

We must be realistic. This Congress has been so. We have authorized the use of counterpart funds for meeting the population explosion. We have recognized that food for freedom will not prevent mass starvation 10 years from now unless steps are taken to bring population growth into line with growth of food supplies. And in our foreign aid, we have begun to recognize that assistance, upon request of the nation involved, in family planning programs is an integral and essential ingredient of a viable development program.

This is why I am pleased that AID has seen fit to utilize some of its dollar appropriations for family planning assistance. This was started in a timid way. Now it is time for AID to move more rapidly and to provide dollar assistance to all aspects of the program. The agency should fill every reasonable request for material assistance to family planning programs, which it receives. I trust it will do so, as there is nothing in this bill to prevent it and in the context and purpose of the legislation, it is clearly necessary.

I should like to explain briefly why I am so concerned that AID move more rapidly in the area of family planning. Let us assume per capita income in the less developed countries averages \$100 per capita per year. In these countries, there are about 2.2 billion people. The population of these countries is increasing by about 50 million per year. Simply to maintain present per capita income, total income in these countries must increase by about \$5 billion per year. At a return on capital of 15 percent per annum, it will require a capital investment of \$33 billion to provide this increase of \$5 billion in income. And the capital investment will have to grow at least as rapidly as the populations.

Clearly, these staggering sums are not available. Clearly, in the absence of a reduction in the rate of population growth, poverty will increase. Clearly, it is utterly unrealistic to promote the possibility of economic development, without slowing down these rates of population growth.

Now, do we have the resources to provide family planning services to those who want them? The answer is unequivocally, "Yes." The estimated cost of providing these services is between 10 and 30 cents per head of population per year, depending upon the other maternal and child health services which are provided at the same time. The total sum is between \$220 and \$660 million. So \$1 on family planning is as effective as \$50 to \$100 without family planning. This should be taken into consideration in allocating our AID dollars, since they are limited, and they should go to those people whom they can help, and not where they will be wasted.

Mr. Chairman, in this connection, I insert remarks delivered, off the cuff by a noted economist, Dr. Stephen Enke, as his own opinions at a Partners for Progress conference held in Washington on May 5, 1966:

Economists have not contributed very much to the problem analysis of population growth and economic development, I am ashamed to say this, because what is badly needed here are more numbers, more numerical analysis.

This brings me to the point that most governments view economic development in terms of raising per capita income. Now, per capita income is a ratio. It is gross national product, the numerator, and population the denominator.

If you want to raise the ratio one way is to make the numerator go up and have the denominator go down. Now, we obviously are not going to reduce population.

So the real issue is—

Should we spend our resources in economic development programs, in mostly accelerating the increase in output, in the numerator, or using resources to slow the rate of population growth.

Now, any superficial analysis would indicate that if I want to take, say a million dollars of resources to increase output, I can put them either into factories, dams or irrigation ditches, and so on, or I can put that money into family planning clinics—

The effect on per capita is just about a hundred times greater if you spend the million dollars worth of resources on slowing population growth rather than trying to increase the output. Work on the denominator and not on the numerator, that is part of the message.

This number of a unit of one hundred depends on about three parameters—any parameter could be wrong by a factor of two. If they are all wrong, it would still be about twelve times to one which is not bad.

If they are all in favor of my argument it would be eight hundred to one. I think one hundred to one is conservative. This is not an argument that one only spends economic development resources slowing population growth.

The argument is that one uses resources to slow population growth and to have dams, factories and all of the rest of it. You have to do both, and we will get to the balance question in a little while.

An economically operated planned parenthood campaign should cost roughly a dollar a year per acceptor, or per practitioner, depending on the mix of contraceptive methods used. This dollar estimate assumes it is the Coit they are using because this is most economical over a period of time, far more than the pill; with a well-decided economical mix of methods, about a dollar a year per acceptor, or per member of a clinic.

If you want an adequate program which will say cut the birth rate by about one-third, you are going to get about one person out of ten of the total practicing control effectively.

This is equivalent to saying that the cost of an effective, adequately sized program is about ten cents a year per head of population in the country.

So if you look at it—it is interesting then to take countries like Brazil, India and Egypt—what would happen if they did spend ten cents a head of population on family planning clinics and so on?

What would this represent in the economic development budget?

You look at the so-called developing countries and you will find that ten cents per head, if spent on planned parenthood, would represent about one percent of what is spent on all economic development programs.

This is true of Brazil, Egypt, or any where else.

One percent, if they would use it, would do the work of the other ninety-nine, would be as effective as the other ninety-nine.

First, it is worth remembering because few people understand it.

Now, a million dollars of resources will be at one time more effective in raising per capita income if spent in slowing population growth rather than increasing output growth. It takes about a dollar per practitioner of birth control per year.

You have to have about one out of ten people in the country practicing birth control to have some effective program. That is ten cents per head of population.

That is about one percent of what most backward countries are now spending altogether on all kinds of economic development. This is kind of interesting.

Now, rather more subtle, which I should not attempt here, but I will, is that it is not just a question of saturation. We are always thinking of the Ganges Valley, the Nile Valley, for instance, of being saturated with people. We see a problem there.

But really the high birth rate is a matter of interest even in the Amazon which has a lot of the same sort of resources going on for miles—it is bad to have so high a birth rate.

The argument is sort of like this—

If the birth rate is sort of like forty per thousand a year and if the result of population increase is doubled about every twenty-five to thirty years, or so, you have to double your stock, so-called, or double your technological level to stay ahead.

It is the pace at which the population grows that matters.

Let's examine a country that is developing fairly rapidly. The death rate falls fast. The birth rate remains the same. Therefore, the rate of natural increase is high.

How long can they do it, is the question. For a while, yes.

Take India again—if they go on like they are at present, it would mean eight times, eight times as many people in a hundred years. That is just impossible.

One of two things has to happen. The birth rate has to come down and/or the death rate has to go up. That is just all there is to it.

How do they die? They are not going to die of high food consumption. They are not going to die out of going in swimming pools.

They are going to die of all the unpleasant things that happen to poor and starving people.

So anybody who argues against advancing as rapidly as possible planned parenthood is arguing for death by starvation. He may not realize that but he is.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Delaware [Mr. McDOWELL].

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

Mr. McDOWELL. Mr. Chairman, I rise in support of H.R. 15570, the Foreign Assistance Act of 1966.

Since the time mankind first inhabited this planet by His divine will, there has been and ever will be a world of change, diversity, contrast, and contradiction. Common to all civilizations, past and present, is the fact that humanity has been confronted with three great and mortal forces—fever, famine, and war. History offers solid evidence that nations have from time to time diverted their national resources and their manpower from that side of life which contributes

to the intellectual, moral, and spiritual growth and peaceful and physical well-being in order to pursue conquest and to maintain their armaments. The tapping of man's sources of strength for expanding the priceless benefits of education and for providing adequate and safe shelter, food, and protection from disease and natural disasters, has frequently given way to the reckless inflation and dissipation of energies toward the useless destruction of man, bird, and beast.

Throughout the vast areas of the world, an immense burden of poverty, hunger, illiteracy, and disease weighs heavily upon millions of people. These circumstances have contributed to unrest and chaos. They have spawned the acts of terror and violence and exploitation of men, women, and innocent children. It is not strange, then, that dissatisfaction with the world in which we live and the determination to realize one that shall be better characterizes the yearnings and the mood of mankind in the receding years of the 20th century.

Not too many years ago, the freedoms enjoyed and cherished by Americans, the British, and other free peoples were challenged by ruthless Nazi and Fascist dictators and aggressors. When World War II ended, victor and vanquished alike pondered in great sadness their mindless wisdom as their lands laid ravaged, their resources spent, and millions of their youth slain. It is paradoxical and pathetic that men, capable of exercising their intellect and reason and of practicing the religion of peace, still fail to recognize that those who pursue the religion of war and conquest breed only self-conceit, intolerance, and crimes upon humanity.

A little more than 18 years ago, Congress met in joint session to act on President Truman's urgent proposal to aid Greece which was appealing for American assistance in preserving her government and her freedoms from Soviet Russia's menacing and aggressive tendencies. President Truman told the Congress:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations.

President Truman's remarks to the 80th Congress are as timely as the news reports in our daily newspapers. In 1948, it was Greece, where Communist terrorists reinforced by infiltration from the north and abetted by Moscow, were attempting to disrupt the Greek nation. Today it is South Vietnam where an armed aggressor, the Vietcong controlled and supported by Hanoi and incited by Red China, is trying to forcefully impose its will on South Vietnam.

The free world's adversaries are those who preach and practice world communism—adversaries as treacherous as freedmen have ever faced. Their aim, cloaked in every conceivable form of deception and brought to bear with skill and cunning, is to systematically harass, isolate, and crush the United States, her

allies, and other struggling young nations where freedom flourishes. In southeast Asia, the Chinese Communists under Mao Tse-tung have created the strategy and the techniques of isolating Asia, Africa, and Latin America, which they have designated as "rural areas of the world," together with the industrialized West, which they describe as "cities," with the ultimate objective of complete subjection to their rule. The immediate and crucial test of this Communist offensive against freedom is, of course, in Vietnam.

THE EFFORTS OF OTHER AID-GIVING COUNTRIES

In total, the Western industrialized countries have been providing about \$6 billion in official "aid"—official, bilateral flows of financial resources—to developing countries in each of the last 4 years—1960 to 1964. The United States in 1964 furnished about 60 percent of the total of the \$6 billion—other countries, 40 percent—or about 0.56 percent of the U.S. gross national product for that year. Three other nations furnished an additional 30 percent; France 15 percent, the United Kingdom and the Federal Republic of Germany 7 to 8 percent each. As a percentage of gross national product, French aid was almost twice as high as the United States, while the United Kingdom and Germany were slightly lower.

The United Kingdom and Canada give better loan terms than the United States. The former nations can make loans without interest, while the latter nation has adopted International Development Association terms for some of its lending; that is, 50-year maturity and a 10-year grace period and interest at three-fourths of 1 percent.

Of the \$6 billion of 1964, \$1.8 billion was in the form of loans. About \$4.2 billion of the \$6 billion was in the form of grants; and \$1.2 billion of the \$4.2 billion represented agricultural surplus commodities given by the United States. Another \$1 billion represented grants for technical assistance and related purposes. These include large sums which were, in effect, subsidies to the government of countries recently independent which maintained the employment of former British, French, and Belgian civil servants who had been a part of the colonial administration.

Of the remaining \$1.6 billion of the total grants of \$4.2 billion, about \$0.4 billion consisted of contributions to multilateral institutions. The most important of these are the European Development Fund of the European Economic Community—largely for the benefit of African countries formerly under French and Belgian administration associated with the European Economic Community—the Inter-American Development Bank, the International Development Association, and the United Nations and its specialized agencies. The Development Assistance Committee has 14 members; United States, United Kingdom, France, Germany, Japan, Canada, the three Scandinavian countries, Belgium, the Netherlands, Austria, and Portugal. This indicates the international interest in foreign assistance.

There have been international ar-

rangements made for 10 developing countries by the International Bank for Reconstruction and Development by the Organization for Economic Cooperation and Development. There are two International Bank for Reconstruction and Development consortia for India and Pakistan; two Organization for Economic Cooperation and Development consortia for Turkey and Greece; and six International Bank for Reconstruction and Development consultative groups for Colombia, Malaysia, Nigeria, Sudan, Thailand, and Tunisia.

Members of the India consortium make available about \$1 billion per year of which the United States share is 42 percent—other countries, 58 percent; members of the Pakistan consortium make available over \$400 million per year, of which the U.S. share is 49 percent—other countries, 51 percent; and pledges to the Turkey consortium total \$300 million per year, of which the United States puts up 47 percent—other countries, 53 percent.

To summarize, foreign aid by other major countries shows the following breakdown:—

French aid amounted to \$840 million in 1964. This is a decline from a 1962 total of almost \$1 billion. 1965 French aid was slightly less than 1 percent of the total French gross national product. Three-fourths of this aid was in the form of grants, almost all of these grants were to former colonies in Africa.

British aid amounted to \$500 million in 1964. There has been a small, irregular increase during recent years. This total is about 0.5 percent of the total British gross national product for that year. Most of their aid is concerned with nations in the Commonwealth.

German aid amounted to \$460 million in 1964. This was a decrease from the high point in 1961 of over \$600 million—less than 0.5 percent of gross national product and 65 percent of this aid was in the form of loans.

Japanese aid amounted to \$180 million in 1964. This was 0.25 percent of their total gross national product. Most of this aid is in the form of indemnification and reparations payments and loans.

Canadian aid amounted to \$130 million in 1964. This represents 0.30 percent of the total gross national product for that year. There has been a marked increase in Canadian aid and commitments are rising as well.

There have always been and will continue to be those bitter critics of foreign aid, both within and outside the Congress, who have never favored giving any U.S. aid to foreign countries. Most of these critics have always proclaimed that American tax dollars should be used only for the benefit of the American people. And I suspect that another segment of the bitter critics of foreign aid have always opposed the program on the thesis that a dollar saved in any Government program would eventually mean reduced taxes and more dollars in the pockets of the American people.

But it is not alone the basic humanitarian interest of the people of the

United States which has generated their support of foreign aid to many countries where the program has so successfully operated in the past years. It has also been the firm and necessary policy that foreign aid is in the basic interest of national security. Foreign aid has been and continues to be an important and effectual arm of American foreign policy.

Foreign aid in the form of military aid has provided the United States with the necessary overseas bases which have successfully enabled us to contain Communist expansionism and aggression around the globe since the end of World War II. In this regard our military bases in the Pacific and the Asian area are proving to be equally as important as those which we have maintained in the Atlantic and Mediterranean areas.

We cannot expect to promote the best interest of the United States in the future without a foreign aid program. Foreign aid will be with us for a long time. It can no more be abandoned than could the National Manufacturers Association or the U.S. Chamber of Commerce.

Foreign aid as an instrument of foreign policy will continue to enable the United States to promote its basic interests in furthering the economic and peaceful development of the fastly growing populations of the emerging nations around the globe.

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. REID].

Mr. REID of New York. Mr. Chairman, I thank most warmly the distinguished ranking minority member of the Foreign Affairs Committee, the gentleman from Ohio [Mrs. BOLTON], for yielding me time.

I rise in support of H.R. 15750, and I am happy to note that this bill reflects a number of ideas advanced by 25 members of the minority—worked out largely at the initiative of the gentleman from Massachusetts [Mr. MORSE] and released on March 15, 1966—calling for major new directions in foreign aid if we are "to guide the revolution of rising expectations in a peaceful course toward political stability and economic prosperity."

Specifically, this paper made a number of suggestions that are reflected in H.R. 15750 and which enjoyed bipartisan support in the Foreign Affairs Committee. For example, the Republican statement had as its third recommendation:

The United States foreign aid program should place new emphasis on the need for growth of popular participation in the development programs of the developing countries and the increased capacity of recipient governments to perform effectively in the broad spectrum of development tasks.

Section 281 of H.R. 15750 creates a new title IX entitled "Utilization of Democratic Institutions in Development." This title provides:

In carrying out programs authorized in this chapter, economic development on the part of the people of the developing countries, through the encouragement of democratic private and local government institutions.

Similarly, our statement incorporated a suggestion of the National Citizens' Commission to the White House Conference on International Cooperation that a Private Investment Development Board be established. Section 301(a) (3) of the instant bill provides for the establishment of an International Private Investment Advisory Council "to make recommendations to the administrator of the foreign assistance program with respect to particular aspects of program and activities where private enterprise can play a contributing role."

Further, I am pleased to note that section 103(c) (3) of the bill provides a grant of 3 million Israel pounds for the Hadassah-Hebrew University Medical Center in Jerusalem, one of the important and great medical institutions in the world. This modern medical center—supported by thousands of American women of Hadassah throughout the United States—carries out a comprehensive program of treatment, teaching, and research in medicine, dentistry, nursing, and pharmacology. Many of the nearly 1,500 enrolled students at the center come from the developing nations of Africa and Asia. In my judgment, this grant—the equivalent of \$1 million American dollars—is a wise use of excess foreign currencies and will be well used in the construction of needed residence facilities for nurses.

Primarily, Mr. Chairman, I wish to address myself to the question of Vietnam. I should like to raise some cautionary flags.

I support the general principle of what we are trying to do there in foreign aid, but I believe certain points should be carefully looked at by the committee and by the several departments of the Executive.

I am referring to the commercial or commodity import program—CIP—which to date has provided about \$1.7 billion for balance of payments and budgetary support to the Government of South Vietnam. Under this bill the CIP will benefit very substantially from the \$550 million authorized for supporting assistance in each of fiscal years 1967 and 1968. The CIP generates counterpart funds—the title of which rests with the Government of South Vietnam but which are used under joint agreement of the United States and South Vietnam.

The fact of the matter is that there is substantial indication which has been developed in testimony before the Foreign Operations and Government Information Subcommittee of the Government Operations Committee that the United States has lacked sufficient control over these counterpart funds.

It is clear that discussions are held between the Governments of South Vietnam and the United States and annual agreements worked out on the programs to be funded. However, it is unfortunately equally clear that we have lacked the flexibility to modify or shift the use of counterpart funds for these agreed-upon programs if they do not work out or if urgent needs develop elsewhere.

I believe it is very important that the Embassy in Saigon have the strongest backing from Washington on taking a fair but tough line to insure that these funds actually are used efficiently and for the purposes which the Congress and the Executive determine essential in the national interest.

What we are talking about here is some 25 billion piasters, or \$250 million in the coming year. I might add in passing, it is important in these agreements that we take a very hard look at the pressures of inflation and make sure that the relationship of the piaster to the dollar, in spite of the recent devaluation, is not disadvantageous to the United States. In a word, I am hopeful that there will be serious discussions in Saigon looking to tightening up this program, which has not always been administratively run with the flexibility or the toughness which was required, in my judgment.

Secondly, for too long the operation of the port of Saigon has been inefficient at best. Until January of this year, there were some six South Vietnamese departments concerned with its operation. More recently, it has been put under single management and some improvements have been effected, including a substantial improvement in the unloading of tonnage. However, civilian cargo is still unloaded in 8-hour-a-day shifts and serious steps are still required to insure truly effective and more honest management of the port.

It is estimated that up to 25 percent of some shipments have been improperly handled and in some cases have not reached their proper destinations. It is my hope that major steps will be taken to insure the sound operation of the port including warehousing, to deny opportunity to profiteers, and to see to it that supplies will move to their correct destinations in prompt support of our men in the field and civic and economic reconstruction programs of South Vietnam.

Lastly, I think that foreign aid programs in support of civic action and reconstruction in concert with political action teams will only be effective if they are backed by major reforms in South Vietnam itself. I have particular reference to the need for major—not token—land reform. Many in South Vietnam would have much great conviction if they owned their own land rather than farming it as tenants—often to absentee landlords.

Mrs. BOLTON. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. MORSE].

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. Mr. Chairman, I would like to thank the distinguished gentleman from Ohio for her characteristically fine job of guiding the minority members of the committee in the preparation of this bill. Her constructive leadership did much to enable the committee to produce some important changes in our foreign aid program.

I would also like to thank the gentleman from New York [Mr. REID] for his reference to the work of 25 Republican Members of the House in making recommendations on the foreign aid bill this year. I particularly want to call the attention of the House to the importance of title IX of the bill, a new provision on the "Utilization of Democratic Institutions in Development." The new title was proposed by the gentleman from Minnesota [Mr. FRASER], and gives the Agency for International Development the opportunity—indeed it challenges the Agency—to take an entirely new approach toward the business of development. The proposal reflects the recommendations of the Republican paper of March 15.

It clearly implies a mandate to AID to take advantage of the importance of developing a human infra-structure as distinguished from the almost exclusively economic emphasis of previous programs.

The House Foreign Affairs Committee noted in its report that it plans to keep "close check on the manner in which the intent of this new title IX is going to be carried out."

I also would like to call the attention of the House to the inclusion in H.R. 15750 of a number of the other recommendations contained in the Republican paper. The paper urged that the recommendations of the Watson Committee on Private Enterprise in Foreign Aid be given careful attention. The committee was informed of a number of instances in which AID is moving in this direction. In addition, the committee adopted an amendment recommended by the Watson committee that will extend the maximum term of guaranties of equity investment from 20 to 30 years.

Still another Republican recommendation incorporated a suggestion of the National Citizens' Commission to the White House Conference on International Cooperation that a Private Investment Development Board be established. Section 301(a) (3) of the bill before us provides for the establishment of an International Private Investment Advisory Council which will make recommendations to the administrator of the foreign aid program on areas and projects where private enterprise can make a positive contribution.

Similarly, the Republican paper stressed the need for a particular emphasis on development in Latin America. We are heartened to learn from the testimony of Administrator Bell that three of the eight countries for which development loans are planned are in Latin America—Brazil, Chile, and Colombia.

A significant portion of the paper was devoted to proposals for greater engagement of the people in the process of their own development. This is the theory behind the new title IX and I am pleased to note language in the committee report that encourages AID to make use of a variety of indigenous organizations "which provide the training ground for leadership and democratic processes."

We also called for AID support to private foundations here in the United States which are doing their best to fa-

cilitate competence in government and broaden the base of popular participation. One of those, which we specifically mentioned, is the International Development Foundation of New York. I hope that the language in the committee report indicating "increased reliance upon nongovernmental organizations with a demonstrated competence to enlist popular participation in the development process" will be taken very seriously by AID.

Consistent with the idea of broadening the base of popular participation in development in the emerging nations is the concept of enlarging the role for the private groups here in our own country. Sometimes, we forget the great number, variety and dedication of the groups working in the development field. The House Foreign Affairs Committee called attention to this last year with the publication of a catalog listing the overseas programs of U.S. nonprofit private organizations. We have not, however, had sufficient coordination of these private efforts in the Agency for International Development. The establishment of a coordinating mechanism was one of the points stressed in the Republican paper. I am happy to note in section 301(a) (1) of the bill before us a direction that there be established "an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this act, and in the coordination of such programs with ever-increasing developmental activities of nongovernmental U.S. institutions."

In conclusion, Mr. Chairman, I would like to point out that while these constructive recommendations were proposed by 25 Republican House Members, they received significant bipartisan support. I have already mentioned Mr. FRASER's contribution. He has long recognized the need for a new approach to foreign aid. He delivered an excellent paper on this subject at a private meeting a few months ago and I include the text in the CONGRESSIONAL RECORD at this point:

POLITICAL DEVELOPMENT: THE MISSING DIMENSION OF U.S. POLICY TOWARD DEVELOPING NATIONS

(By Congressman DONALD M. FRASER)

Mr. Chairman, members of the panel, and friends, it is my deep conviction that political development is, indeed, the missing dimension in American policy toward the developing nations. By political development I mean the fostering, stimulation, and guidance of fundamental social structures and behaviors that make effective self-government possible.

The U.S. Government for too long has been content to deal only formally with other nations, pushing and prodding through diplomatic channels, using the leverage which our aid gives us to influence decisions, and occasionally stimulating a coup.

We have inadequate communication with the various groups and forces in developing societies and are able to exert little influence upon the shape of new forces. This deficiency becomes acute when a nation comes under insurgency attack. We step up our

assistance and our military involvement, but we lack competence to deal with the political aspects of insurgency wars.

We proclaim as basic public policy our intention to get new nations to stand on their own feet as stable and responsible members of the international community. Yet it seems to me that we usually treat those nations as though they already have the capacity to run their own affairs, if we only give them a substantial addition to their material resources.

I hesitate to use an anthropomorphic analogy because I fear that just such an unstated assumption may underlie some of our present neglect of political development effort.

A child matures to adulthood, at least physically, pretty much without human intervention, given a reasonable diet and protection against the harshest threats to his life. We don't really teach a child to stand or walk—we merely encourage him to follow our example when he is physiologically ready. Without our intervention doubtless he would stand and walk and run as soon and as well on his own as with our coaching.

Our present international policies have largely relied on economic and military aid—analogs to the food and security needed by a child. I suspect that we have assumed these measures would allow the recipient young nations to mature politically by some automatic inner-directed process toward stable, responsible nationhood.

But we know far too little about political development of societies to rest our hopes on such an assumption of automatic political maturation. I for one am convinced that we must take a far more deliberate and more comprehensive role toward developing nations. We should systematically try to trigger, to stimulate, and to guide the growth of fundamental social structures and behaviors among large numbers of people in other countries if we are to insure political development commensurate with the technological and defensive military prowess we are already striving for.

To return to the human analogy I warned against earlier, sophisticated parents know that the emotional and social maturation of their children requires far more conscious effort on their part than their physical development does. Surely we can alert ourselves to the need for encouraging political growth if we hope them to become well-rounded nations.

Although U.S. interest in political development includes a wide range of considerations, including a better understanding of the effect of what we are already doing, tonight I am taking a narrower, more specific approach. I shall stress the importance of working with people and ideas and attempting to exert influence from the bottom up instead of from the top down. It is our failure to become involved with the various elements in a developing society which is the focus of my concern.

Before I discuss the policies we should adopt in the political field, I need to anticipate several objections:

Some might ask whether I am proposing to transfer the sophisticated concepts of American political democracy to the developing nations. This is not what I am proposing.

Political development doesn't mean a wholesale transfer of American values to other cultures, nor does it prescribe a competitive, two party system for societies which are barely holding together. I am proposing that the U.S. become involved with the people of the developing nations and work with them as they shape their own future. This future is bound up in political values and political action.

Some will object that I am proposing to interfere in the internal affairs of other nations. It is true that nations are sensitive to interference, and when you reach in to touch their politics you may hit a sensitive nerve.

Of course we need to be circumspect and avoid interfering directly in political decision-making.

But there are many ways to become involved in the political development of another nation. We are already working overseas with the consent of governments in areas related to political development:

The campesino leadership training program—run by the Farmers Union and funded by AID

Credit union and cooperative development—run by various cooperative organizations and funded by AID

Training of trade union leadership—through the AIFLD with joint labor-management support and AID funds

Community development projects under AID

Educational development abroad under public and private sponsorship

U.S. military training with its emphasis on democratic values given to military personnel of the developing nations

Sister relationships between institutions such as states, cities, universities, etc.

The Peace Corps

Training of citizen leadership by groups such as the League of Women Voters

Another reason why our activities are not felt to be interference is that our political aims are consistent with those of the developing nations. They hold self-determination as one of their highest principles. We seek to advance and protect that right.

Self-determination is closely linked to the idea of self-government. This is America's great heritage. By exploiting and promoting this principle, we can be more potent than the Communists in influencing political development. The Communists exploit grievances as a stepping stone to a rigid, doctrinaire regime. Democratically-oriented leadership in a developing country can be just as determined to alleviate grievances.

I hope these objections can then be laid aside.

The recommendations which I shall make about political development seek to answer two questions: Who should take the responsibility for an increased effort, and what direction should these efforts take?

The urgency of gaining competence in political work is underscored by Vietnam. When the President or the Secretary of State wish to intensify our efforts in Vietnam they can turn to our military establishment which is trained and ready to serve. They can call upon our AID people, already in place and operating. But, as we are reminded so frequently, the problem is primarily political. Where do our leaders turn for operating competence in the political development field? Where in Washington is responsibility centered? Whatever competence we may be developing under fire in Vietnam, such as the work of General Lansdale, the back-up responsibility in Washington is obscure and diffuse.

A country with the stresses of Vietnam requires a highly integrated effort in which the lead is taken by those charged with the political problem. A first class political effort in such a country requires the same careful planning, training, and organizing as our military efforts.

We must give some agency this operating responsibility. The State Department should not take this assignment. Its role is to deal with existing governments and provide reports and analysis. The State Department, of course, would continue to set over-all policies within which increased political development activities would operate.

The CIA should not be that agency, despite its current activities in the political field. Its covert nature inhibits the feedback from experience which is essential to learning. It is compelled to respond to current crises. Its name abroad unfortunately

is so bad that its activities carry built-in hazards where we need to build bridges of respect and confidence.

If this responsibility is to be given to an existing agency, it should be AID which is an arm of the State Department. It should become a primary mission of AID.

Here are some suggestions for AID in assuming this major commitment. I hasten to add, these suggestions are tentatively made:

First, the agency should create a top-level political study and research staff.

Second, the agency should bring political development concepts to bear on the formulation of economic programs.

Third, it should develop an operating capability in general political development.

Fourth, it should undertake intensive preparation for accepting operational responsibility for U.S. political efforts in countries threatened with insurgency, where sensitivity to U.S. involvement is displaced by more urgent considerations.

Fifth, AID should sponsor a new institute to be termed a Center for Democratic Development to carry on those activities which the government finds difficult to do directly. This Center might have a small, full-time board which includes at least one representative from each of the two major political parties. Political party representation would contribute useful understanding of political dynamics and help insure within this country the acceptability of the Center's work.

This Center should also have a full time director and staff to research and develop operating programs for the Center. Both AID and the Center would continue to contract many activities to other groups such as universities and other non-federal public and private organizations. Satellite centers might be spawned for special purposes or activities either here or abroad.

I re-emphasize that these are tentative suggestions. If a major responsibility for political development is fixed somewhere, the possibilities will readily unfold.

What are some of these possibilities?

First, and perhaps most urgent we should provide an institutional framework to absorb and retain the knowledge, experience and personnel who are now engaged in political development efforts in the crisis areas of the world. What we learn in Vietnam must be preserved and expanded upon. At present we have no means of insuring that we build on the lessons of the past. One of the simplest lessons, for example, seems to be the value of language training. We should have many, many people in training now learning native languages and the skills which would add to our ability to be of help to a country.

I recognize that all countries must help themselves, and that there are limitations on what can be done from the outside. Too often these limitations are over-emphasized as reasons for doing nothing. The lessons of earlier years in Vietnam should teach us that at the very least we need civilians in the field who know first hand what is going on in addition to the other contributions they can make. This may be an expensive program, but the cost must be measured against the \$5 million a day which we are now expending in Vietnam.

Second, we should do more to stimulate organizations based on economic or community interest. Whether the groups are co-operatives, credit unions, campesino organizations, labor unions, or based on some other self-help concept, they give experience in democratic power. In short, these groups can become the source for popularly based political movements.

A man heading our Peace Corps in a Latin American country told me of the Corps' experience in community organization. He said that traditionally Latins use a petition

to remedy a community grievance. The only activity is a person carrying the petition around with the others looking to see who has signed. However, when the Corps stimulated community meetings, the participants experienced a political awakening. The initiative and organization demonstrated by these meetings were a revelation to the invited local officials in countries where the idea that government is the servant of the people is not widespread.

We often conceive of politics as an expression of individual persons' attitudes, but politics tend more to reflect attitudes shaped and expressed through organized groups and their leadership. The ideology of a group is tied to its experiences and to its leadership. The impact of leadership upon group ideology through inspiration, example, and commitment is enormous and needs to be fully understood and appreciated. And leadership can be influenced far more easily than is commonly believed.

Third, then, we need to encourage democratic leadership. Training opportunities for all levels of political leadership should be created, both in-country training and at U.S. or regional institutes.

Such training sometimes may be more effective without U.S. personnel participating. For example, in Latin America there are many democratic political leaders no longer in office. We should find ways through which these elder statesmen can inspire and teach promising young people.

I am acquainted with one talented American citizen who has been in political education work in Latin America. He has many useful ideas. Outside of the CIA there is no place for him to work. Every other agency disclaims responsibility for political development work. Yet there are many places around the world where his efforts are badly needed.

Fourth, we need to establish more ongoing, personal links between people and groups in this country, and political and economic groups in the developing countries. We need non-governmental links with political leaders and movements built on mutual respect and understanding. These survive the stresses of fluctuating government-to-government relationships. These links serve multiple purposes. They provide a two-way communication for better understanding and exchange of ideas. They can be a vehicle for recommending politically oriented youth who would benefit from outside training. They can be a conduit for aid which strengthens political work, such as help in research and communications. (An old mimeograph machine can be essential to political communication.) They can identify problems which are creating political stresses, and articulate the views of nonruling groups. This linkage should be with as many organized groups as possible. Every organized group has political potential.

A friend of mine who has done considerable lecturing in South Asia observed in a recent report that while the USIS personnel in India were quite familiar with university professors, none knew the President of the All-India Depressed Classes Association who, he said, was a lawyer by profession and very influential among the Untouchables. He went on to point out that as a sociologist he was interested in more contact with locals, but he felt that in a subtle sense and quite unconsciously the USIS personnel tried to reduce his informal, personal contacts with locals. These tendencies would be minimized or reversed if communication at the political level were someone's primary responsibility.

In this same vein, I spoke recently with an executive director of a local party institute from a Latin American country. I asked him about his contacts with the political officers of the U.S. Embassy. He said that

their tendency was not to communicate adequately with political activists, although he had a good word to say about the number 2 political officer. He pointed out that it would not be proper for an embassy official to sit through their political meetings, but that a non-governmental person from the U.S. would be quite welcome.

The means of accomplishing this linkage will vary. A nongovernment agency is needed, but it may have to be insulated even further, perhaps through a multi-national organization. For example, we might sponsor a Center for Democratic Development for the Western Hemisphere located in Latin America and run jointly by us and Latin Americans. We may need separate non-governmental groups to establish links with different political forces in the same country. We might, for example, want an organization here in the U.S.—non-government, of course—which works with the Christian Democrats throughout Latin America. At the same time, of course, we would expect other organizations to work with other political parties.

These links need some permanence even though individuals may come and go. To maintain these links would require money for travel, conferences, bulletins and periodicals and many other activities ordinarily typical of organization efforts.

Fifth, we should encourage the development of local government consistent with the local culture. Local control over matters of local concern helps build support for the idea of government. A pluralistic development in government can add stability to a society and encourages leadership to emerge and be tested.

Sixth, we need to greatly expand existing programs of rural and urban development. Literacy, agriculture know-how, public administration—all are skills needed for effective government. I would also add those skills needed for the management of private enterprises and simple public speaking, small group leadership, and large assembly management skills.

Much of this, of course, is already being done under the umbrella of economic aid. We need to do more.

Why should we do all this? Political development work would pay enormous dividends to us as a nation.

I have just suggested several political development activities that we could engage in. Each of these rests upon assumptions about how nations grow toward political stability. If every program were undertaken as a soundly researched experiment, we would rapidly advance our basic knowledge about how things happen in the emerging world.

Perhaps Congress could be brought in on the ground floor of this educational process.

This 89th Congress elected roughly 100 new members. Suppose that our Center for Democratic Development had a program for these new members. Each would take a single developing country, study it intensively and visit it. Over a period of years, we might well get a Congress with a greatly strengthened appreciation of the problems of the developing world, of U.S. policies toward them, and of their future needs.

One of the biggest problems we face on the Hill today is winning support for the AID program. A better understanding of an AID program would be a natural by-product of Congressmen's assignments to a developing country.

These educational advances will be welcome. But may I emphasize that I am suggesting that we go forward with a massive program of political development activities based on what we now can see is needed.

We cannot afford to rely on a mystical faith that political institutions underlying stable nations will come into existence automati-

cally or by chance, everywhere in the world.

Our own country has produced able, trained people in vast numbers of civil action groups, labor unions, charitable organizations, political parties, trade associations, social groups, and local governments. With great care we can put this reservoir of political skill to use in other countries. These people can share themselves, and their ideas and skills abroad, as we have already used economic, educational, administrative, and military technicians. The dividends to us as a nation will be enormous.

Some may argue that people and ideas are not very tangible weapons in this modern world. I would counter they are the most effective weapons. I ask you to consider why the picture of Lafayette, a Frenchman, flanks the Speaker's dais in the House Chambers.

People and ideas have made this country the oldest democracy in the world. People and ideas can contribute greatly to the emergence of democratic institutions around the world.

Thank you.

Mr. MORGAN. Mr. Chairman, I yield the remaining time on this side to the gentleman from New Jersey [Mr. GALLAGHER] to close the debate.

The CHAIRMAN. The gentleman from New Jersey [Mr. GALLAGHER] is recognized.

Mr. McVICKER. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Colorado.

(Mr. McVICKER asked and was given permission to revise and extend his remarks.)

Mr. McVICKER. Mr. Chairman, underlying the major criticisms of foreign aid lies, very often, a criticism of the concept of foreign aid itself. It is on this fundamental question—why we should have foreign aid at all—that I want to comment.

Foreign aid, as conceived these past years, is a unique feature of the 20th century. Its reason for being is the existence of a highly interdependent world. It is important to recognize this interdependence, for only then can we understand that isolation, especially for the United States as a world power, can no longer be a feasible alternative. Being a power requires being actively and constructively involved in world affairs. The most constructive means of involvement I can imagine is through the foreign aid program, because foreign aid allows us to maintain a global leadership through helping other peoples.

Foreign aid must be made an indispensable part of our overall foreign policy for two important reasons: for the national security and for the potential that exists in foreign aid as a peacemaking and peacekeeping instrument in our foreign policy.

We all know that communism plays on the instability that exists in underdeveloped countries. It attempts to topple existing governments and establish totalitarian regimes. We also know that communism takes advantage of poverty, and attempts to create a breach between the so-called have and have not nations. We also understand that political and economic havoc can come from within a nation itself. This form of in-

ternal agitation most often occurs if a country has not undertaken positive economic development. It occurs if a sterile status quo is adamantly and indiscriminately preserved, if no attempt is made in the direction of social change. As a result, these countries often pursue seemingly irrational policies in order to divert attention from internal conditions. More often than not, the scapegoat of these "hate campaigns" will be the United States, by virtue of our status as an industrialized power.

If we are to maintain any kind of leadership in international affairs, if we are to advance against the fronts of communism, then we must help the nations of the underdeveloped regions to embark on a program of accelerated growth. Foreign aid can help sustain the independence of countries such as Thailand and Laos, which are threatened by a Communist neighbor. It will also help meet the internal challenge—as in India, where the 5-year plans have had a positive value, not only for economic growth, but also in harnessing the energies of the people toward a common constructive effort. In such a perspective, foreign aid does more than react against the Communist challenge. It seeks the positive purpose of striving toward economic growth together with political stability, and change together with peace.

We often fail to recognize the tremendous potential that exists in a foreign aid program. This potential exists not only for the underdeveloped countries, but also for us, because foreign aid can be very effectively used, if flexible enough, as a tool in international diplomacy. It can be used as a peacemaking and peacekeeping force if we are prepared to use aid as an alternative to crisis management. By this I mean that foreign aid can be used as yet another channel of diplomatic communication, as yet another reason to sit down at a conference table. We could use it to prevent escalation of disputes. We could even help solve disputes by bringing this aspect of our foreign policy into focus. Such can be the silent success of foreign aid in international diplomacy. Just because it is silent does not mean we should overlook its importance.

At this time, foreign aid as an additional peacemaking and peacekeeping force in our foreign policy takes on increased importance in view of the fact that the nature of diplomacy is changing and that the nature of the world is changing. For not only must we realize that the world is becoming increasingly interdependent—a world in which we cannot stand apart should a crisis occur—but we must also understand that this is a nuclear age. This means that many of our traditional means of diplomacy are becoming obsolete. We can no longer rely solely on a military defense. We can no longer be concerned just with nations in the abstract, we have also to be concerned with the peoples of those nations. The situation in the underdeveloped countries is changing so fast, everything is so much in a flux, that

if we do not concern ourselves with the welfare of other peoples, then we might just find ourselves becoming increasingly unpopular where it matters most. Our avenues of international communication will fast decrease unless we turn to new avenues—such as that of foreign aid.

In the years ahead, we must have the insight to see the significance of helping others help themselves. We must also, for our own interests, have the imagination and the wisdom to make our foreign aid program an integral part of our foreign policy.

There is great potential in a flexible, sound foreign aid program. It is a potential that we can afford in economic terms, and a potential that we cannot afford to lose in diplomatic terms.

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, at the outset I would like to join with all of my colleagues on both sides of the aisle who have paid tribute to the gentleman from Pennsylvania, Dr. MORGAN, the chairman of our committee, who is, I think in the opinion of all of us, one of the most and perhaps the most knowledgeable persons on either side of the Capitol on the question of foreign aid, and who has spent long hours on the committee studying this problem and presenting this bill to this committee today.

What I have said for Dr. MORGAN certainly goes for the gentlewoman from Ohio [Mrs. BOLTON], who also, as the ranking minority member, has spent long hours on this bill. The fruit of their efforts and the efforts of the entire committee is the bill which has been brought forth here today.

I certainly think that the New York Times summed up very well the feelings of the House with regard to Dr. MORGAN when it said:

New leadership certainly has emerged, and all this adds up to a high order of leadership from Representative MORGAN, and the committee that brought forth this bill.

Now, Mr. Chairman, there are several points that I would like to correct for the RECORD. One was the statement that this committee paid no attention whatsoever to the Watson report. The fact of the matter is that it was discussed many times, and our hearings are dotted with comments referring to it. Secretary Rusk, Mr. Hoagland, and Dave Bell, and many others discussed this report. It did have a full measure of consideration.

Mr. Chairman, the gentleman from Missouri [Mr. CURTIS] referred to the question of the outflow of gold with regard to this program. For the record I would like to say that AID does not in any way contribute to the drain on the U.S. gold supply. In fact, over the years 1963, 1964, and 1965, gold transactions between the United States and aid recipients has resulted in a net inflow of gold to the United States of some \$60 million.

Now, while much of our energy and most of our concern is focused on the war in Vietnam at the present time, because our problems there are immediate and young men are dying, nevertheless,

in a larger sense we must set a long-range course for our energies and our concerns which will help to build a world of peace. This bill and this program are predicated on the hope that one of these days soon we will have a world at peace, and at that point mankind can join its efforts in battling the real enemies of man; poverty, disease, and ignorance.

Mr. Chairman, perhaps the great paradox of our time is that while we are engaged in a far-off war, our hopes and our concerns are harnessed to the fundamental drive for peace. Perhaps this is one of the real frustrations of our age, that while we discuss a bill to help the unfortunate peoples in the world to break the bonds of ignorance, of poverty and disease, young men must still chase each other through the woods with rifles and other instruments of war. Yet while that war goes on, we here today must reaffirm our belief that peace is possible and, hopefully, probable.

Mr. Chairman, this bill that we are discussing here today is based upon the President's message which contains his belief that war will some day end, and when it does, we can go on toward building a world for peace.

This bill is a part of that continuing war on poverty, misery, and disease in which there will be no losers, unlike the specter of world war III where there will be no winners.

Now, Mr. Chairman, today there will be many amendments offered, to, perhaps, improve or detract from this bill. Most of them are certainly well intended. Most are designed to place limitations upon this bill. However, I believe we should keep in perspective that just as the aid bill cannot remake the entire world, similarly, there is no immediate solution to the problems of the world that can be arrived at by placing a limitation upon the President and upon the administration, and upon those concerned with the conduct of our foreign policy.

Mr. Chairman, we are only fooling ourselves that restrictions and prohibitions in the Foreign Assistance Act are going to change the facts of life.

The aid bill is now replete with restrictions of all kinds. What is essential is Presidential flexibility. I have confidence in our President that this flexibility will be used to good purpose.

In response to President Johnson's call for a "massive attack" on the root causes of hunger, disease, and ignorance in less-developed countries, the foreign aid legislation before the Congress places major emphasis upon three crucial human concerns: agriculture, health, and education. I would call to the attention of my colleagues that the increased commitments in these areas have been termed "new initiatives," implying not merely an expansion of the old, but a dedication to finding new means of combatting centuries-old problems.

Today, more than ever before, it is apparent that a healthy, well-nourished, educated population is absolutely essential to a nation's economic development. Without this most fundamental resource—without a physically and educationally developed people—a country

is handicapped from the first in undertaking the very difficult burdens of a development program.

As a result, AID plans to expand substantially its programs in these vital areas during the coming year. Its proposals will—

Increase programs for agricultural development by one-third over the previous year;

Expand health programs by 55 percent;

Increase programs in the field of education by almost two-thirds.

Let us examine why each of these areas is of such vital importance.

The first of the "new initiatives" in foreign aid is agriculture. In his foreign aid message, President Johnson stated:

The problem of hunger is a continuing crisis. The solution is clear: an all out effort to enable the developing countries to supply their own food needs, through their own production or through improved capacity to buy in the world market.

The need for action in the agricultural area is very clear. Food output in the less-developed areas of the world has been rising, but not as rapidly as has the demand for food. Population growth has been between 2½ and 3 percent a year. Food production is hard pressed to keep pace; in some areas it has fallen behind.

This is not to say that agriculture in the less-developed countries has been stagnant. On the contrary, a recent Department of Agriculture survey has shown that many AID-assisted countries have been achieving agricultural growth rates of more than 4 percent a year.

Despite this growth, however, to feed their populations the less-developed countries must presently import 16 million tons of grain annually. It should be of grave concern to us that, if present conditions continue, this deficit will have grown to 88 million tons by 1985. Even if the United States were to utilize all its resources, it could not—and should not—bridge the gap alone. Too heavy a reliance on Public Law 480 food imports can become a crutch, discouraging necessary efforts within the less-developed countries themselves.

It is apparent, then, that only through a rapid increase in the ability of the developing countries to meet their own food needs can a shortage of disastrous proportions be averted. A sizable potential for food production does exist in the less-developed countries. It can and will be developed if it is given the priority attention which it in fact deserves.

I would like to impress upon my colleagues that it is precisely to achieve these ends that the new initiative in agriculture is designed. AID proposes to increase its contributions to agricultural programs to a level of \$512 million during fiscal year 1967. About one-third of the total would be used for fertilizer projects—to finance increased imports of fertilizer from the United States, to construct plants abroad, and generally to expand fertilizer production and distribution in the less-developed countries. Dollar for dollar, increased supplies of fertilizer will work to provide food to almost three times as many people as would direct imports.

The remainder of the proposed funds would be devoted to the development of water resources, irrigation facilities, and transportation services; the distribution of pesticides and machinery; the establishment of farm credit systems; and the development of additional manpower.

With self-help reforms and sufficient outside assistance, most of the less-developed countries can be self-sufficient in food by 1985. Taiwan, Thailand, Israel, and Mexico are already examples of countries in which food production has been able to keep well ahead of population growth. Through concentrated effort, the example can become the rule.

The effort must not be just on our part, however. Under David Bell, AID has come to place strong emphasis upon self-help as a condition for assistance. A prime measure of self-help efforts is and should be country performance in the development of its food resources. The United States is making clear to less-developed countries that only through adequate investment of their own resources in agriculture can the goals of food production be realized. And today these goals are no longer a vision, but a pressing need.

The second "new initiative" strongly emphasized in the legislation before us is that of health. It is here, particularly that it is most apparent what it means to be among the two-thirds of the world living in abject poverty.

I would urge my colleagues to consider—

That the infant mortality rate of the less-developed countries is five times that of the developed countries;

That 60 percent of the people of Latin America, Asia and Africa and 70 percent of the preschool children are dangerously undernourished;

That almost half their children die before the age of 6;

That their life expectancy is only 47 years of age, while in the developed countries it is 70 years;

That they have one doctor for every 4,300 persons, compared with one for every 800 in the developed countries.

A population which is undernourished and ridden with disease is one whose creative energies are sapped and whose productivity is lowered. If a country is to break these bonds—if economic and social progress is ever to take place—the good health of its population must be assured.

The proposed foreign aid program plans to increase to a level of \$178 million, the U.S. contributions to health and medical programs in the less-developed nations. Four areas would receive particular attention.

First, the eradication and control of communicable disease is to be stressed. Already more than half a billion people are protected from malaria, but as many more continue to be threatened by the disease. The target of the aid program is to eradicate malaria completely in more than 20 countries during the next 10 years. A full-scale attack will be launched against other major diseases as well—those whose victims, even if they

survive, may be maimed or crippled for life.

Second, American assistance will attempt to combat the major problem of malnutrition. Insufficient calorie intake and unbalanced, improper diets reduce general resistance to illness and cause mental and physical retardation in 10 to 25 percent of the population of the less-developed countries. Increased aid funds would seek to develop and provide enriched food supplements for both mothers and children, to train additional personnel in social service and health activities, and to encourage the growth of foods which will provide a balanced diet.

Third, AID funds will contribute to increased effort to ease the pressure of population growth. It is staggering to consider that by 1975 the population of the less-developed countries will be close to 2 billion people and, at current growth rates, will double by the year 2000. It must be emphasized, however, that the AID program provides assistance with population problems only when requested, and only when it is assured that freedom of choice for each family will be allowed. The United States should not and cannot impose solutions to social problems upon the rest of the world.

Finally, the new AID program plans to increase its support of medical research programs and of facilities to train various health personnel: doctors, nurses, midwives, sanitation officers, and so forth. Manpower shortage in the health field has been a particularly crucial problem, and one with which there is still a great deal to be done.

As is readily apparent, however, and as my colleagues are well aware, much progress in the area of health has already been achieved. By continuing to work closely with the developing nations in this field, we will be able to increase the great strides already taken toward the relief of human suffering.

The third of the "new initiatives" which AID will emphasize during the coming year is education. Again, it is readily apparent that this is an area of critical need.

Basic educational skills are profoundly lacking in most of the underdeveloped world. In Latin America and the Far East, literacy averages close to 60 percent; but in the Near East and south Asia, where half of the population of the less-developed world is concentrated, it averages only 25 percent—and only 16 percent in Africa.

In his foreign aid message to the Congress, President Johnson said of educational development:

Nothing is more critical to the future of liberty and the fate of mankind.

Without a drastic expansion in basic educational opportunities, the prospects for popular self-government are extremely limited and insecure. Democracy as we know it requires a degree of sophistication which can come only with a major rise in educational levels.

Increased educational opportunities are also needed to develop the skilled manpower necessary to operate public health systems, cooperatives, credit unions, businesses, and modernized

farms. Only through education can outdated customs be broken down and the foundations for progress be laid.

Aid to education has always been a major field of U.S. technical assistance. During 1965 one of every five AID-financed experts abroad was working on an educational project. Much of the assistance, especially for projects in teacher training and institutional development, is carried out through contracts with private American institutions.

As we have seen, however, much remains to be done. The expanded AID programs for fiscal 1967 will concentrate on the improvement of popular participation in development and in government and the expansion of the technical and professional skills available to the developing societies. The additional funds are planned to support such varied projects as curriculum improvement, textbook production, exchange programs, and the utilization of radio and television in drastically understaffed classrooms. Manpower development, the improvement of English instruction, and the strengthening of research programs are other areas which are to receive high-priority attention.

At the present time, the less-developed countries are increasing their budgets for education at an annual rate of 15 percent, and they will continue to make serious efforts to improve their educational capacity. Their resources are limited, however, and the demands are immediate. Only with our assistance can the rapid progress which is needed be achieved.

In short, Mr. Chairman, we have before us legislation designed to help the developing countries help themselves, so that they will one day be able to provide the essentials of a better life to all their people. The "new initiatives" in agriculture, health, and education put the emphasis where it should be placed—on the areas most fundamental, most crucial most necessary to development. It is in the best of American traditions to aid those throughout the world in freeing themselves from the bonds of hunger, disease, and ignorance. And it is in our long-term interest as well, Mr. Chairman, since only in a more prosperous world can the stability essential to peace be achieved. As nations continue to grow in freedom, progress, and security, we will truly be able to experience and enjoy the benefits of a better life.

Finally, Mr. Chairman, I think what is essential to keep in mind is that now that man has found a means of ending the human story on this planet, we must turn our energies and our talents to find the means for its continuance.

I firmly believe that the foreign aid bill is the best investment we can make in this, man's most vital quest on earth the search for meaningful life for all men in a world at peace. I urge its passage.

Mr. MATSUNAGA. Mr. Chairman, even more than in the past, the foreign aid program we are considering has a basic objective of helping the people of the less-developed countries work toward a better life.

As the President has said, it is a program "to help give the people of the less-

developed world the food, the health, the skills and education—and the strength—to lead their nations to self-sufficient lives of plenty and freedom.”

I am sure that at times we all tend to think of foreign aid largely in terms of loans and assistance to governments, through which we channel much of our assistance, rather than in terms of directly helping the people of the developing countries who reap the benefit from the assistance we provide through the foreign aid program.

Much of our help influences the daily lives of these people as AID technicians work side by side with them—showing them better ways to build homes, schools and hospitals; better ways to work their farms; better ways to educate their children; better ways to improve their health; and, in general, better ways of living. In short, better ways to do things after the Americans have left.

Most AID assistance, however, is in the form of development loans to finance projects like factories and power facilities; to help carry out broad programs like agricultural research and extension services, and to help finance imports of American goods needed for industrial and agricultural growth.

But here again, it is the people of the developing nations who reap the benefit.

When a factory is built or enlarged through an AID loan, it means more jobs and earnings for the people, a chance to buy more of the things they need. When an agricultural credit program is started with AID assistance, it means that small farmers get the loans they need for seeds and fertilizer and equipment. When a new road is built, or an electric power facility or water system goes into service, it is the people who profit.

Let me cite a few examples of what our foreign aid has meant to the people of developing nations.

By the close of the last fiscal year, AID assistance through the Alliance for Progress had resulted in 300,000 homes for 1½ million people in Latin America; 25,000 new classrooms; nearly 1,000 water and sewage systems serving more than 13 million people; 10 million textbooks for schoolchildren; more than 300,000 loans for farmers; more and better food for 13 million schoolchildren, and protection of more than 100 million people against malaria.

In the Far East, more than 1.7 million children were attending school in classrooms provided with AID assistance; 116,000 students were enrolled in assisted colleges and universities; more than 100,000 teachers had been trained with AID help; 2 million additional acres of land had been brought under irrigation; 1.7 million farmers had obtained loans to raise food output, and 115 million people were protected from malaria.

In Africa, it was the same story of help to people through AID assistance: 800,000 pre-school children vaccinated against measles; a tripling of secondary school enrollment in East Africa to 75,000; training for 41,000 students underway in vocational and technical schools; demonstrations of successful farming techniques to over 300,000 Sudanese farmers, and so on.

These were all direct benefits the people of developing nations gained from AID assistance. Not mentioned were the benefits they gained from construction of new factories, new transportation facilities, new sources of food such as fishing industries, and new and better means of communication.

You will note that in each area where AID is at work, it is stressing greater education and better health for people. Both are essential if a nation is to develop the human resources for economic and social progress.

As a final point I remind you that the American taxpayer is not bearing most of the cost of progress in the developing nations. Indeed, the 20 countries receiving major development assistance today invest an average of six of their own dollars for every dollar of U.S. assistance.

And the dollars we do lend or spend go for a purpose that can hardly be questioned. They go to people who, like our early-day Americans, are willing to work long and hard to build a brighter future for themselves and their children.

This program deserves our continuing wholehearted support.

Mr. SICKLES. Mr. Chairman, the United States has a commendable record of providing assistance to nations in need. We recognized long ago that humanitarian efforts lay the groundwork for a world of peace and economic stability. Passage of the Foreign Assistance Act of 1966 will afford the opportunity to continue these efforts.

The foreign aid program under consideration today is similar in many ways to the programs of past years. There is, however, an important change in emphasis proposed in this year's legislation. Increased attention is to be given to education, health, and agriculture. Although the total authorization for fiscal 1967 is almost exactly what it was in the previous year, allocations for education, health, and agriculture will be increased by about 50 percent. Investment is being concentrated in these areas in order to speed developing countries to a level of self-sufficiency.

Economic development is still a new and uncharted field. There is no magic formula to tell us exactly how to transform an underdeveloped, slowly growing country into an economically viable one. But economists and political scientists do agree that education, health, and agriculture are each a vital precondition for self-sustained growth. Thus our emphasis on these areas in the proposed program.

Only an educated population can run the machines needed to compete in the markets of the modern world, cope successfully with the complexities of modern business and economics, or master the intricacies of modern science.

And without adequate health care and sufficient food, all other efforts come to naught. An ill, undernourished man cannot be expected to lead his country into an industrial revolution.

Another major change in the proposed bill is a greatly expanded program for economic aid to Vietnam. This program will provide refugee relief, seek to raise urban and rural living standards, and

finance essential imports. The social and economic development of Vietnam will ultimately determine the future of that war-torn nation. Therefore, we must strengthen our efforts in these nonmilitary areas even as the war goes on.

The Foreign Assistance Act of 1966 will also extend the life of many projects already of proven value. The Partners of the Alliance, or the *Companeros de la Alianza*, for example, give civic clubs, schools, professional groups, and similar organizations an opportunity to work directly with the people of Latin America.

I am proud to report that the citizens of Maryland have taken a very active part in this program, choosing as a sister state, Rio de Janeiro, Brazil. The Maryland Partners of the Alliance, a volunteer group headed by 40 of our State's leading citizens, has sponsored numerous projects throughout the State designed to help Rio de Janeiro. The University of Maryland student government has raised money for books for the University of Rio, and the St. Vincent de Paul Society, of Baltimore, has contributed money for school construction in Niterol. Similar programs are being sponsored by local Kiwanis, Rotary, and other service clubs.

When a group from the Maryland Partners visited a fishing village in Rio de Janeiro they were greeted by a banner reading "The fishermen of Saquarema need you." The Saquarema problem was silt congestion in its major inlet, and the Maryland Partners helped the fishermen to develop a solution for removing it. The success of these Marylanders shows what foreign aid, in its more fundamental concept, can achieve.

The benefits of our foreign aid program come at a small cost to us; the program does not burden the American economy. The proposed program, for example, would devote less than one-third of 1 percent of our gross national product to aiding other nations, a percentage which has been steadily declining since 1963.

Furthermore, the adverse effect of foreign aid on our balance of payments is being steadily diminished. An ever-increasing percentage of aid expenditures is spent for equipment purchases here in the United States. By fiscal 1967 the Agency for International Development will spend 88 percent of its funds in this country, thus helping to boost the economy of every State. In the last year alone, over \$20 million of AID money was spent in the State of Maryland.

In fact, over the long run foreign aid actually benefits our balance of payments. A developing country, as it grows, demands increasing amounts of U.S. exports. A 1-percent increase in the GNP of a developing nation leads to a 1.4-percent increase in its purchases of U.S. exports. For example, U.S. sales to Taiwan, where our economic aid is no longer needed, doubled in 2 years time. And increases in exports resulting from our foreign aid program have a particularly beneficial impact on the city of Baltimore, the Nation's third largest foreign trade port.

Foreign aid will not miraculously end poverty and squalor and hunger in the developing nations around the world. But it will offer a beginning. We are

often reminded that it is better to light a candle than curse the darkness. It might be added that it is also important to keep the candle burning. Let us do just that by passing the Foreign Assistance Act of 1966.

Mr. DUNCAN of Oregon. Mr. Chairman, the Agency for International Development supports programs in more than 70 developing countries around the globe, but nearly one-fourth of its total budget is spent in just one nation: South Vietnam from which several of us have just returned. We are all keenly aware of the efforts of our soldiers, sailors, and airmen over there. But not so well known is the activity of the nurses, teachers, farm experts, and others who are conducting a large and vital economic aid program in Vietnam. For fiscal year 1966, the bill is about \$640 million. Let's take a closer look at what that money is accomplishing.

About a thousand Americans are working in the aid program there, side by side with more than 1,800 Vietnamese employed by AID. There are nearly as many AID employees in South Vietnam as there are in Washington directing our worldwide efforts. Our headquarters out there is in Saigon, but much of the work is in the provinces. We have a representative in every one of the 43 provinces. An AID provincial representative must know how to fill out an invoice for a bulk shipment of steel bars and cement or how to build a makeshift wheelchair for an invalid child. He must write good, clear reports to Washington or teach tribal women how to cook wheat. In the midst of a war with no front lines and no safe areas, he can live for days in a cave if he has to.

One such representative is Sanford (Sandy) Stone, of Cleveland, Ohio. As an illustration, his activity within the past year included helping the village of Song Be, which we visited, recover from a Vietcong attack. He obtained food from Saigon, enlisted volunteers to restring powerlines, recruited others to lay water pipe for the hospital and the provincial headquarters. Sandy has a philosophy, a reason for being there, and he puts it this way:

In Vietnam we are faced with a new kind of war, where a purely military solution is impossible. Unless military action is combined with social, political and economic improvements, so the rural people are given a stake in their country worth defending, there can be no permanent victory here over communism.

Four-fifths of the Vietnamese are farmers and fishermen, and the counterinsurgency program assisted by our economic aid money directly supports the war effort in rural areas. American AID technicians and materials enable the farmers, fishermen, and refugees from the Vietcong to educate their children, improve their farming, and benefit from health facilities. In a self-help school construction program, 2,300 schools have been built, and in the next 2 years 13,000 new classrooms will be built for more than three-quarters of a million children. In the past 3 years, AID has trained more than 5,500 teachers. And AID helped the Government of Vietnam

establish a national service that so far has printed more than 6 million new textbooks.

They are terribly short of medical care over there. The facilities are primitive and unsanitary and some provinces have no hospitals and no doctors. The ratio is 1 doctor for about every 29,000 people in South Vietnam. That compares with 1 for every 1,500 on Taiwan, for instance, and one for every 900 in Japan. But we are doing something about that too. And we must do more. A medical school is now being built in South Vietnam to graduate 200 doctors a year. Malaria is prevalent but of those exposed to the risk of getting it 83 percent are now protected against it. Village health stations have been set up and stocked with medicine at 12,500 rural locations, although we do not yet have the trained personnel to man them all properly. AID finances Project Vietnam, whose American doctors are volunteering for 60 days' service in the country. One of them, Dr. Martin Funk, of Park Ridge, Ill., established a clinic in Kon-tum, in the remote highlands of central Vietnam. "We started with a couple of bottles of pills and 20 patients," he reported. Two months later he was handling up to 121 patients in a single morning. Diseases include pneumonia, arthritis, tapeworm, diarrhea, and tuberculosis. Why did Dr. Funk go out there? Because, he said, "there was something to be done, and I wanted to help."

A gigantic problem in that unhappy land is refugees. More than 900,000 have been driven from their homes in the last year. AID has helped to resettle half of them and to shelter, feed, and clothe the rest in temporary centers. Frank Wisner, of Washington, D.C., is one of the AID men helping refugees, in a little camp about 50 miles from Saigon. He not only sees to it that the refugees get clothing, food, housing, and medical care; he makes sure they find a way to make a living—for example he helped one family establish its own little furniture-making business.

The farmers of Vietnam are encouraged by AID to use more fertilizer. Four years ago, only 100,000 tons of fertilizer a year was being added to the soil of South Vietnam. Last year that amount was almost tripled, to 276,000 tons. This is potentially an immensely wealthy country. In some areas 3 crops of rice a year can be produced instead of one, and each crop can be doubled in size. This is vital as we try to feed the expanding world population. Insects and rodents were destroying a third of the crops; then a half-million farmers started using insecticides—600 tons a year—and taking part in a program that exterminates 38 million rats a year. The annual saving in food is nearly 100,000 tons.

For fishermen, we have introduced nylon nets and motorized junks, and the catch has increased from 165,000 metric tons in 1959 to 368,000 last year. Seventy-nine fishing cooperatives have been established, with more than 17,000 members.

Besides our counterinsurgency pro-

gram, we have the Commodity Import Program, and indeed that is where a lion's share of the money goes. Of the \$640 million we are spending in Vietnam this fiscal year, including nearly \$100 million in food for peace, the commodity import program accounts for \$370 million. Commodity imports supply the cement to floor a pigsty in a rural hamlet; and we constantly heard requests for more cement and it should be used for people as well as the pigs, the paper for textbooks; bicycle tires; fertilizer; fishing nets. Most of the dollars stay in the United States, paying American producers and exporters. Licensed Vietnamese importers pay their government in local currency—piasters—for those goods which they import and sell. The Government turns around and uses that money to strengthen its economic development and its defense effort. This import program fights wartime inflation by providing nonluxury commodities that are in short supply. Some of the items that make up the \$370 million are iron and steel mill products, \$72 million; industrial machinery and parts, about \$71 million; rice, more than \$35 million; medicine and pharmaceuticals, \$21 million; motor vehicles, tractors and parts, nearly \$18 million; and fertilizer, \$17 million.

The mission of AID in Vietnam must be carried on by trained and dedicated people. Their work toward a better tomorrow, in the midst of a war-torn country, is most difficult and frequently dangerous. Eight AID men have given their lives in this "shirtsleeves war." One of them, Joseph Grainger of West Hartford, Conn., before he died was paraded through villages by the Vietcong, who told the people, "Here is that imperialist American who was trying to exploit you." But their attempt at a propaganda stunt didn't work and they soon gave it up—because they were greeted with such statements as: "This is not a bad man." "He has been our friend." "He helped us build this well, so we don't have to go all the way to the river for our water."

Foreign aid is, I suppose, as unpopular a program as we have. All of us have whipped it from time to time in campaign speeches. Yet I think there is no program more vital to our search for world peace. You cannot have a world at peace if half that world goes to bed hungry every night. You cannot have a world at peace if millions are uneducated and living in filth and squalor, easy prey for the false promises of Communism.

You can see in Thailand and Taiwan what can be accomplished by peace and judicious applications of credit. You can even see that famous road that "begins nowhere and ends nowhere"—the monument to foreign aid inefficiency. It is now an integral part of a system of roads reaching up into the northeast provinces, that are coming under Communist terror attacks—a vital cog in the defense of Southeast Asia.

Mr. Chairman, aid is essential to the success of our cause in Southeast Asia. I hope the bill will be supported.

Mr. THOMPSON of New Jersey. Mr. Chairman, Americans are frequently be-

ing warned these days, "You cannot get tomorrow's jobs with today's skills."

That slogan is quite true of course. But it has another meaning that applies to conditions beyond our own shores. It is that no matter how many dollars we spend helping less developed countries build up industry and agriculture, without education for their people they can gain no real self-sufficiency, no political stability, no democracy, and no future.

That is why the President has called on the United States to nearly double its help to other nations in the field of education.

Since the beginning of U.S. assistance in Asia, Africa, and Latin America, such aid has accounted for a major share of the Agency for International Development's technical assistance and the largest number of AID technicians at work overseas. This emphasis will be sharpened in the coming year, with special effort given to building up basic educational systems tailored to the needs of individual countries.

Their need is urgent. Only about 16 percent of the people of developing African nations can read and write. In the Near East and South Asia, the average is 25 percent; in Latin America and the Far East, 60 percent. The underdeveloped countries must decide now how many teachers they will need in 5 years, how much of their budgets can be spent on basic education, how much they must commit to vocational training, and how much they can afford for advanced specialized education.

In the coming year, AID plans special emphasis on helping the developing nations review their overall educational programs and helping them decide what directions they must take. Most of this guidance will be given by American education experts under contract to AID. In Thailand, for example, educators from Michigan State University have helped develop a planning office under the Ministry of Education. In Turkey, another university group will help train the staff of a new Budget and Planning Department under the Turkish Ministry of Education.

Vital to any educational program, of course, are teachers. In fiscal 1967, AID will be looking for ways to "stretch" the effectiveness of existing teacher supplies through in-service training, television, radio, and other new teaching techniques. There are already more than 210,000 students enrolled in normal schools and teachers colleges established with AID assistance, and in 1967 the agency will increase its help to such institutions.

The critically short supply of textbooks in developing nations will also get increased attention by AID next year. AID assistance includes the training and supervision of textbook writing teams, purchase of special books from the United States, and studies to determine the specific book needs of each nation. In some countries, AID help will consist of supplying needed paper and printing supplies, and in others the agency will help establish cooperative textbook rental libraries.

AID is also planning programs to improve the quality of instruction, to train

college administrators and youth leaders, to expand the training of foreign students in American universities, and to encourage greater support of education by private American organizations.

We already have accomplished much to increase education in the developing countries. Since the start of the point 4 program in 1949, nearly 100,000 foreign technicians and professionals have been brought to the United States for advanced education or training, and another 19,000 have been trained in other countries under U.S. programs. More than 670,000 teachers have been graduated from schools and colleges established with AID assistance. In the last 5 years alone, 237,000 classrooms have been built with AID help.

This fiscal year, more than 675,000 students are enrolled in colleges and universities started with AID assistance, and another 670,000 are attending AID-assisted vocational, technical, and normal schools.

Impressive though these figures are, they represent only a start. Much more can and must be done if the people of the developing nations are to be freed from the enslavement of ignorance, and if their countries are to have the human resources and skills need to become economically self-sufficient. America has the resources to help do the job. We can readily spare help; we cannot afford not to give it.

Mr. COHELAN. Mr. Chairman, the goal of advancing the free world through economic, political, and social development should be a continuing policy of the United States. This is the essence of a long-term authorization for the foreign aid program—a declaration that the United States supports and encourages long-term development, which it considers basic to the growth and security of the free world and to the security and progress of the United States.

Support for a multiyear authorization for the foreign aid bill has come from both sides of the aisle and from leaders of many segments of our society. The chairman of the Senate Foreign Relations Committee said only a year ago:

Congress should cease its annual review of foreign aid and place the program under long-term authorization. The case for doing so is familiar and persuasive.

Former Secretary of State John Foster Dulles said:

We cannot afford to exhaust ourselves by spasmodic programs designed to meet ever recurring emergencies. We cannot operate on a day to day, hand to mouth basis. Instead we must think in terms of policies and programs we can afford to live with for what may be a long period of years.

J. F. Doherty, legal representative for the AFL-CIO, notes that a multiyear authorization "will allow more detailed congressional reviews of specific program operations in nonauthorization years, while retention of yearly appropriations will maintain congressional control of the program."

And a leader in the National Council of Jewish Women has pointed out that "long-term economic development based on 1 year planning seems contradictory."

Yet, with all this support, Mr. Chairman, two arguments persist against multiyear authorization. The first is the familiar objection that a multiyear authorization will lessen or destroy congressional control of the AID program. Let us examine this objection.

In the first place, the idea of a multiyear authorization is not a new concept. In fact, it has been the rule rather than the exception in national domestic programs, and internationally it has been highly successful in both the Alliance for Progress and the development loan program. These programs constitute approximately one-half of the total AID program—yet there has been neither evidence nor assertion that these long-term authorizations have undercut the influence or responsibilities of Congress.

Instead we have seen a clear recognition that if the AID program does not advance to the liking of Congress a strong measure of control may be instituted at any time by regulation of appropriations, resolutions or amendments. Multiyear authorization does not sacrifice congressional control; that is clear.

Second, I believe there is more than a mere lack of disadvantage in this proposal. I believe a multiyear authorization will benefit the Congress and the people by allowing a more flexible and selective examination of the AID program.

The Congress may be free from the burden of the annual legislative cycle of criticism of the idea of foreign aid per se, and may direct its energies instead to whatever part or parts of the program that we feel is necessary. In this way we can bring our judgment to bear on areas of particular concern. We can adopt an efficient, businesslike examination of the individual projects underway and discard the shotgun approach that has characterized past criticism of our aid program.

The second major objection to our aid program is tied to the old belief that foreign aid is a temporary thing—hesitantly entered, accidentally extended, and soon to end. This is the ideology which holds that this country has neither the responsibility, the resources, nor the will to carry out such an arduous program. In short, this is one of the old myths that must give way to reality. Foreign aid is not a temporary project; foreign aid is not an evil program. It is a basis and essential instrument of our foreign policy.

And we should recognize the plain fact that as other nations grow in freedom and independence, so the security of the United States is strengthened; and as others grow in economic strength, so will the United States continue to prosper.

It is time that we accept as a reality the great burden we have taken upon ourselves. We shall not lighten that burden by cursing it at every step but will carry it to its destination only by a careful long-range examination of our resources and planning for our abilities.

For surely if our age is to be remembered it will not be only for our medicine or our schools; it will not be only for our farms, or our abundance. Rather we shall take distinction as the first gen-

eration since the dawn of history in which mankind dared to believe it practical to make all the benefits of civilization available to the whole human race.

Once we accept the fact that foreign aid is and should be recognized as an integral part of our foreign policy, once we recognize that foreign aid is not just a mighty nation's contribution to the world, but also a very practical tool with which to resist our enemies and to encourage and persuade our friends, then surely we can recognize the obvious necessity for the sort of sound, long-range planning that is basic to an orderly policy. Then we can accept without further quibbling the wisdom of allowing a multiyear authorization for this program.

Congress' reluctance to make the aid program a long-range, continuing process flies in the face of recommendations by three Presidents, numerous presidential study commissions, at least several congressional committees, and testimony by citizens from all walks of life.

President Eisenhower said in 1957:

I believe our common objective can best be accomplished through a long-term authorization of appropriations . . . obviously sound economic development is not a year to year undertaking but a continuing process.

In January 1957, in study No. 1, "The Objectives of U.S. Economic Assistance Programs," by the Center for International Studies, Massachusetts Institute of Technology, prepared for the Special Committee To Study the Foreign Aid Program, U.S. Senate, January 1957, it was stated:

Since economic growth is inherently a slow process, and since the economic and political results we seek from an economic development program will accrue only over a considerable number of years, the program must have continuity. As an instrument of short-term policy, development assistance is wasteful and ineffective. If we have any hope of achieving desirable results from a development-assistance program, we must be clear in our own minds and must make it clear to the rest of the world that this is a program which we propose to pursue consistently for at least 5 or 19 years and which we will not permit to be affected by changes in the international or domestic political climate. If we are not prepared to make this kind of long-term commitment, we should probably not support development assistance programs at all.

In March 1957, in study No. 3, "The Role of Foreign Aid in the Development of Other Countries," by the Research Center in Economic Development and Cultural Change of the University of Chicago, March 1957; prepared for the U.S. Senate Special Committee To Study the Foreign Aid Program, it was stated:

Economic aid program must be conceived as a long-run enterprise and some guaranty of its duration is as important as is the total magnitude of the program. For, as was pointed out repeatedly in this report, the process of economic development takes time, and the execution of an effective development plan requires a fairly high degree of assurance that sufficient funds will become available as the program unfolds in coming years.

Again in 1957 in "A New Emphasis on Economic Development Abroad," the report to the President by the International

Development Advisory Board, we find this conclusion:

We believe that an economic development program must have continuity—a long-term approach in planning, budgeting and review. A program with the life expectancy of one year—technically the current budgetary situation for economic development assistance—cannot begin to provide the comprehensive planning required.

Then in 1959 in "Economic Assistance Programs and Administration," third interim report, we find this statement:

The effectiveness of economic aid can be greatly increased if the principal programs aimed at development—Development Loan Fund lending, Technical Assistance, and surplus agricultural commodity aid—are authorized and funded on a longer range basis than at present . . . The present annual authorization for technical assistance does not provide an adequate basis for a continuing program, and continuing legislative authorization is desirable.

And again in 1959, the Composite Report of the President's Committee To Study the U.S. Military Assistance Program states:

The same reasons which lead this committee to recommend placing military assistance on a continuing basis apply with equal force to the closely related defense support . . . Accordingly, the Committee propose that the Congress and the Executive Branch take the necessary legislative and administrative steps to put the Mutual Security Program on a continuing basis.

The result of all these strong recommendations was the establishment of the Agency for International Development in 1962. But for 4 years we have turned right around and ignored the basic reasons for creating that agency—continuity and unity of purpose.

In 1961, President Kennedy said:

We are launching a Decade of Development on which will depend substantially the kind of world in which we and our children shall live.

We are now past the halfway point in this decade of development. For too many years we have been playing the reluctant bride. For too many years we have been pulling our perennials up by the roots to examine them. Surely, we can do better.

We have debated the principle of giving aid since aid first began with lend-lease in 1941. And surely making this choice has been a difficult decision. But certainly when we decided to create AID in 1962, we should have reached an end to our indecision and attacked our problem with a vigor and energy concomitant with our role as a world leader.

I believe that Congress should recognize aid as a fact—studied, questioned, debated and now firmly established. I believe that Congress should place aid on the sound business basis that will enable both us and the underdeveloped nations we are seeking to help to conduct the long range planning that is absolutely essential if this program is to achieve its goals.

To accomplish this I believe that Congress is thoroughly justified in approving the 2-year authorization before us today and in continuing the 5-year authorization for the Development Loan Fund and the Alliance for Progress.

In closing, Mr. Chairman, I would like to note the prophetic statement made by Secretary of State Rusk before the House Foreign Affairs Committee on March 23, 1964:

We often hear talk about what we are doing to future generations of Americans and about the legacy which we give to our grandchildren. I would certainly not want mine to grow up in a world where the richest nation—having nearly half of the world's wealth—ignored for decades the needs of two-thirds of the people, who lived in poverty, disease, and hunger. It would surely not be a very safe or stable world. And even more, it would not be a very great heritage or tradition to pass on.

Mr. Chairman, I urge all Members bear this message in mind as we vote on this bill today.

TOWARD A THEORY OF EFFECTIVE DEVELOPMENT

Mr. MORSE. Mr. Chairman, the recommendations we have made today for the conduct of our foreign assistance effort go beyond changes in administration. They are designed to provide an entirely new dimension in our programs to assist the developing nations. Development on the scale necessary if these countries are to become proud and stable members of the international community is principally a job for government of these countries; only government can provide the legal and institutional framework that is essential for the efficient application of technological and other tools of development. We can, I believe, help these governments develop the capacity to direct and shape development.

We must give our attention to two separate spheres. For a society to achieve growth it must, on the one hand, have a government with a highly developed capacity to perform. The government must be able to plan efficiently, to administer effectively, to communicate with the people easily, and to engage the participation of the people in the development process.

Popular participation involves the ability to communicate with government, the capacity to organize, and the competency to initiate and follow through on projects through techniques and instruments the people have developed for themselves.

THE GOVERNMENTAL CAPACITY TO PERFORM

Many of the developing countries have only recently achieved self-government; many others have only recently become aware of the opportunities for advanced economic prosperity. It is understandable that they are still reaching for the capacity to effect change. They have experienced difficulties with various combinations of problems including a lack of a sufficient number of competent officials, inadequate knowledge of their own geography and resources, rudimentary transportation and communications systems, and traditional political viewpoints and institutions.

If the foreign aid program is to be successful, the United States must assist these nations in improving their performance. We should not seek to impose an institutional pattern, but rather to instill respect for a process of government that engages the people in decisionmaking. U.S. foreign aid must never be an instrument of uninvited interfer-

ence in the domestic affairs of independent countries.

The United States has a number of opportunities to influence quite directly the establishment and growth of some of the most fundamental instruments of government. Our help is occasionally asked for in the drafting of national constitutions. Legislators in the developing countries can learn a great deal from U.S. experience in developing staff and research support for the legislative process. Our assistance in helping parliaments establish Legislative Reference Services would be of important practical utility.

Decentralization of governmental functions and political power may also provide a constructive area for study. Formal federalism may not be appropriate for many developing countries, but our experience may be useful in emphasizing that decentralization will not bring benefits in governmental capacity or popular participation unless the people are involved in the Government that decentralization brings closer.

Although the administrators of our foreign aid program have recognized the importance of establishing effective, honest and competent civil service and public administration, the United States has not given this field sufficient attention in our aid effort. Technical assistance in the development of merit systems, examination programs, and in-service training could be extremely useful. This is the kind of thing the Republican Task Force on Latin America had in mind last November when it recommended the establishment of an Inter-American Civil Service Academy.

One of the most important tests of any government's performance is its ability to maintain law and order. Both the armed services and the police have a role here if the civilian government employs these powerful tools with restraint. The training of law enforcement officials in the use of power and restraint would be an appropriate use of foreign aid funds. Likewise in the military sphere, assistance in the form of hardware does not contribute directly to the development process, but assistance in the form of training can help transform the military of the developing countries from a feared vehicle of authoritarianism to a popular instrument of progress. Here again U.S. experience with the Army Corps of Engineers and the use of the military to enforce civil rights is relevant.

The performance of a government will also be reflected in the strength of its mechanisms for channeling popular support. The political party structure need not follow a two-party pattern. The experience of Mexico demonstrates that a single party coalition can be a major instrument of development; in a multi-party system competition between parties for popular support can provide impetus for reform, communication between people and government, and a popular voice in governmental decisions about development.

To be sure many political leaders need greater understanding of the concept that elections involve not only victory, but a mandate from the people for the

conduct of policy in their interests. New techniques for the training of leaders and the organization of support must be brought to their attention; much can be done even with simple programs of instruction in how to run a meeting, how to operate a mimeograph machine, and how to raise funds for political action.

POLITICAL PARTICIPATION OF THE PEOPLE

It is at the point of governmental mobilization of support and opinion that the problems of governmental capacity and popular participation merge. I think that our experience with development over the past 20 years has demonstrated that sound development depends on the participation of the people.

Alexis de Tocqueville commented more than once on the vitality of U.S. local government and private voluntary associations. Of local government he wrote:

Local assemblies of citizens constitute the strength of free nations. Town meetings are to liberty what primary schools are to science; they bring it within reach; they teach men how to use it and how to enjoy it. A nation may establish a system of free government, but without the spirit of municipal institutions, it cannot have the spirit of liberty.

For a variety of reasons, both historic and philosophic, many developing nations have extremely strong central governments. It is difficult for a government that is distant to win the allegiance of the people. Yet even a government that is close must involve the people in its decisions.

We cannot urge a drastic realignment of administrative and political power in the developing countries, but we can make available to them the benefits of U.S. experience with strong local government. We can suggest techniques of developing leadership in the villages and rural areas; we can assist in the development of recruitment programs that will provide the government with a source of personnel to be trained in the techniques of public administration and then set to work among their own people.

We should certainly improve our knowledge of the attitudes of people toward government. What steps should be taken to increase their belief in their own ability to effect change? How can government encourage and assist in the exercise of popular initiative? These questions may best be answered through the efforts of the private voluntary institutions and associations which contribute to the initiative, achievement, and accommodation of change. De Tocqueville commented on the range and effectiveness of such groups in the United States:

As soon as several of the inhabitants of the United States have taken up an opinion or a feeling which they wish to promote in the world, they look out for mutual assistance; and as soon as they have found one another out, they combine. From that moment they are no longer isolated men, but a power seen from afar, whose actions serve for an example and whose language is listened to.

Such associations are practically unknown in the developing world. Too often the kinds of associations, such as trade unions, which we know as both

supporting and opposing participants in the democratic process, may be, in some of the developing countries, an instrument by which the government controls workers.

Our foreign aid effort should recognize the significance of private groups in change and development and make an effort to bring to the developing countries the concepts of democratic participation, education, equality, and public service that have informed U.S. private groups.

The natural groups of society—labor, students, professional people, farmers, women, and so forth—must be encouraged to organize to serve their common purposes. They must be encouraged to recognize and analyze their common interests, and the advantages of joint action and self-discipline on behalf of the greater national development purpose. The sensitive teaching of these lessons and responsive understanding of them will contribute to the consciousness of group capacity to shape the future.

Aside from political parties, one of the most obvious areas for voluntary association is in labor—industrial labor in the cities and agricultural labor in the rural areas. The Communists know this lesson and have been busy. They have perceptively applied the Marxist doctrine that the source of revolution was to be found among industrial wage earners to a theory of agrarian revolt. Che Guevara has written that "in underdeveloped America the countryside must be fundamentally the locale of the armed struggle." This was also the burden of the Chinese Defense Minister's statement of last fall on the inevitability of conflict between "the cities of the world" in North America and Western Europe and "the rural areas of the world" in Asia, Africa, and Latin America.

We begin too late in this area, but we do know that in a very literal sense the modernizing of a society begins with the work of the labor force; those who work in the development process will be most attuned to its potential and its failure. Their participation can be enlisted for the national program, or for those who promise a brighter future.

Organization is particularly vital and far more difficult in the rural areas. The organization of agricultural workers to initiate, administer, and support agricultural reform and technological advance is imperative. Per capita agricultural production in most of Latin America has actually decreased in the past decade. Cooperatives and other voluntary associations should be encouraged, not only as desirable vehicles of civic action but as sources of technical education as well.

Rural development requires, as AID Administrator David Bell has said, not just better agricultural techniques, but "improvements in marketing and transportation arrangements, in education and health facilities, in better institutions of local government and of private cooperation." It requires housing, schools, libraries, hospitals, and savings and credit institutions. The development and channeling of initiative on the

part of the rural population is a proper area for U.S. support.

ENGAGING THE AMERICAN PEOPLE IN FOREIGN AID

In light of the tremendous impetus that has been given to reform by various forms of citizen groups in the United States throughout our history, it is ironic that this should be a missing ingredient in our foreign assistance efforts.

The Watson committee recently recommended:

The role of the nongovernment groups—of business enterprises, labor unions, professional societies, and all the rest—must be greatly expanded.

While the committee had words of praise for AID officials, it pointed out:

Private organizations are generally capable of greater speed, flexibility and incisiveness than government agencies.

In fact, it continued, without restraints of bureaucracy, "private organizations can out perform official agencies."

Not only would a greater involvement of U.S. private groups increase the quality and volume of our foreign aid effort, it would help to create a larger constituency for the foreign aid program here in this country. Decentralization of the aid process would involve sustained enthusiasm from the White House and a constant determination at AID to utilize all the private sources of influence in the task of promoting and sustaining a network of voluntary associations in the developing countries.

If we believe that the development process will depend on the political effectiveness of those it seeks to serve, we must seek to engage the efforts of the people of the United States in its success.

BUSINESS

The extraordinary responsibility which American business has demonstrated in its participation in local community affairs has proven to be not only an important key to community improvement but of economic benefit to business. The 3,000 U.S. businesses which maintain facilities abroad have increasingly realized that their practices and policies abroad have a direct impact upon the success of American foreign policy.

Business can build upon this hopeful record of public service by playing a more active role in support of foreign aid. Business has, in three important spheres, an opportunity to become an active participant in development, while at the same time demonstrating to the developing world some of the gains that can result from efficient, economic, responsible private enterprise.

First, U.S. private investment abroad can be increased. It is here that the recommendations of the Watson committee are particularly important, and I am presently drafting amendments to foreign aid legislation that will reflect those recommendations. The magnitude of the need for additional capital is reflected in the committee's estimate that the gap between the amount of capital available to the developing countries and the amount which they need ranges from \$5 to \$20 billion annually.

Increased public attention should also be given to the work of the Atlantic Community Development Group for Latin America—ADELA—an association of United States and European government and business leaders who are attempting to encourage private foreign investment in Latin America. Just 2 weeks ago, Britain's Foreign Secretary, Michael Stewart, indicated that Britain was considering ways to increase its capital export to Latin America.

Second, U.S. business abroad can launch a program of management and vocational training in the underdeveloped countries, particularly in Latin America. This would have an enormous impact upon the capacity of modernizing societies to develop the skills necessary to accommodate growth. The International Executive Service Corps provides one creative channel for such assistance. There are others, such as greater use of U.S. plants for the conduct of AID sponsored vocational and technical education programs, and support for institutions, such as the School of Administration and Finance in Medellin, Colombia, which will provide an increasing supply of technical and middle-level management. The recent recommendations made to the White House Conference on International Cooperation Year are also worthy of study.

Third, as the Watson Committee recommended, U.S. business can make available to Government foreign air operations some of its own highly competent personnel on a short-term basis. This would not only be a significant business contribution to the foreign aid effort, but has potential for improving its administration as well. Such an arrangement worked satisfactorily during World War II and has been tried with outstanding results by Gov. James Rhodes, of Ohio.

LABOR

The American labor movement has no peer as a private institution devoted to participation in private international affairs. Its contribution through the International Confederation of Free Trade Unions has been substantial. While there have been criticisms that labor's overseas activities have not always been sensitive to internal political situations in the host countries, I think it is clear that the American labor movement has been unique in its willingness to contribute its services and resources in support of the purposes of American foreign aid.

American labor will not always be welcome. Particularly in Latin America where labor union development has followed the European pattern, there is some feeling that private European efforts are more appropriate.

Perhaps the most productive contribution that American free labor can make is to help instill the sense of national consciousness and the national responsibility that has made labor such an effective force in U.S. economic growth. Decentralization of the labor effort may be of value too. Locals might beneficially be allowed more freedom to cooperate in community-to-community and peo-

ple-to-people projects organized for a variety of local organizations acting together.

FARM GROUPS

The American Farm Bureau Federation, the National Grange and the National Farmers' Union fully recognize that the world's population explosion imposes on American agriculture not just the potential benefit of increased sales, but the responsibility of helping to feed the hungry of the world. It imposes on them also the responsibility to extend the knowledge of agricultural productivity and modernization to the developing countries. It is clear that not even the enormous productivity of American agriculture will be able to feed a world population that is growing at the current rate.

Through private programs, extending the technical knowledge of American agriculture to the rural areas of the southern half of the globe, American farmers can offer not only technical skills, but the means by which agricultural workers and farm owners can become an effective voice in public policy. Groups such as the 4-H clubs, with their youth and enthusiasm have a vital role to play and should be encouraged.

EDUCATIONAL INSTITUTIONS

American colleges and universities have an outstanding record of support for U.S. foreign aid. Largely on contract to AID or philanthropic foundations, they have undertaken valuable research projects that have served the foreign aid program well. Through exchange programs and the establishment of schools in the developing countries, they have brought skills and knowledge. Two of the most outstanding efforts are the schools for middle-management capabilities operated in Peru and Central America under contract with AID by Stanford University and the Harvard Business School respectively.

Management administration, technical skills and teacher training are all so desperately needed that there is no danger of doing too much. Equally important, however, is expanded teaching of political science. This is a new discipline to many developing countries, but there is growing evidence that the younger generations are eager for the tools of social science to help them shape their future.

American colleges and universities must be encouraged to accept every opportunity for bringing to the developing world a greater knowledge of political science and organization skills. Greater attention should be given to the law schools where the great U.S. tradition of the partnership between law and public policy can serve as a useful example to societies where the study of law is more narrowly conceived.

PRIVATE FOUNDATIONS

The contributions of the Ford, Rockefeller, Carnegie and other foundations to the development process know no equal. The opportunities for such foundations are immense. They are uniquely equipped to provide the kind of financial and technical assistance need-

ed to expand the teaching of political science and to help reshape university curriculums to reflect modern needs.

The International Development Foundation has served as one kind of model for an experiment in creating independent private foundations. It is worth considering whether initial and supporting capital for such an operation could come directly from AID. Of course, it would have to be made clear that both the foundation's operations were consistent with the U.S. foreign aid program and that its policies and programs were established and implemented privately. National sensitivities in this field, as in efforts to increase popular participation may be aroused, but the ends of development are too important for the means of development to be limited merely by fear of controversy.

OTHER VOLUNTARY ASSOCIATIONS

There are a number of other groups in the United States that have given form and shape to our own development as a modern society. It is impossible to think of a single segment of American society that does not have its institutional representation. All of these groups, the League of Women Voters, the Knights of Columbus, the American Bar Association, and the National Council of Churches, to name just a few, represent the interests of their members. Independently these groups are effective; collectively they have undeniable strength in a democracy. They are a creative and vital force that must be engaged in the foreign aid program.

POLITICAL PARTIES

The most obvious voluntary public associations in the United States are, of course, the two major political parties. Their potential in support of foreign aid is immeasurable. It is important that whatever they do they try to do collectively.

Merely a greater facilitation of contact between U.S. politicians and their counterparts in the developing countries would be extremely beneficial in building an understanding of the developmental process. But more broad and specific programs could be designed. The short-lived Institute for Political Education established in Costa Rica to teach political skills and public policy knowledge to progressive Latin American political parties may have provided an important clue as to the most valuable contribution which the Republican and Democratic Parties collectively can make.

Proposals in this country have been made for a Latin American Institute for Democratic Development to aid Latin American political parties in the identification and training of new leaders, in education in political science and organization skills. It would be an important and appropriate initiative taken collectively by the two great U.S. political parties to found such an institute, to finance it and to sustain it.

A further important role could be served by both parties at the national and local levels if they would take it upon themselves to encourage other private voluntary associations to participate actively in the foreign aid program. The Republican and Democratic

Parties now reach into every community in the United States. They have a responsibility to engage themselves and to seek to engage others in support of development in the developing countries.

A NEW ROLE FOR THE STATES

There are now 28 Partners of the Alliance programs which have enlisted American States, or portions of them, in mutual development efforts with nations or regions of Latin America. The purpose of the partners program is not to build roads and bridges, but to build the confidence of the private sector, in the United States and in Latin America, in the goals and purposes of the Alliance for Progress. My own State of Massachusetts has a partners program with the Department of Antioquia, Colombia. The goals are modest, but the dividends are great, not only for mutual understanding, but for a new faith in the development process.

This program, in my judgment, has been given too little attention and too little support. Its potential for increasing the foreign aid constituency here in this country and for providing the high impact support perhaps most needed in many parts of Latin America is enormous.

Another example of successful decentralization of responsibility for foreign aid is the Chile-California program of technical cooperation, by which the State of California, under contract with AID, has undertaken to assist the people of Chile in the planning and research of development projects. Since the program was undertaken in the spring of 1964, eight technical assistance projects studies calling for a U.S. contribution of \$1,367,000, have been negotiated. The projects cover research, in Chile and at California universities, in transportation, agricultural development, education, budgeting and regional planning.

When I visited Chile last fall, I was impressed by the enthusiasm and support the program was receiving. Historic ties and similar geographic conditions have increased the responsiveness of the Chileans to the California-administered program. Certainly, this pattern can be repeated successfully. One of the reasons for the Partners of the Alliance program between Massachusetts and Antioquia was the similarity of our mutual development patterns. The Commonwealth of Massachusetts has the educational facilities, the business community, the labor movement, and the church, professional, youth, and political groups to undertake a broad collective effort to participate in the development of Colombia.

The States would not be in competition with AID, but would cooperate fully with AID guidelines and coordination. AID should welcome their initiative and the opportunity to engage the people in a direct and beneficial State-to-State program that can facilitate the popular participation in development we believe is so necessary to meaningful economic growth.

A CLEARINGHOUSE FOR PRIVATE AID EFFORTS

In 1955 the Technical Assistance Information Clearing House, a private center for the collection and dissemination

of information on overseas private development programs, was established and supported under contract by the predecessor of AID. The clearinghouse has served as an information center on the programs and operations of U.S. voluntary agencies, missions, and foundations engaged in technical assistance abroad. It maintains comprehensive files on more than 400 organizations and their technical assistance programs, AID contract information, and related material. This information is available to government and private agencies for their use in planning programs and to individuals and groups seeking channels for using their special skills and resources.

This limited concept of a clearinghouse may have been adequate in 1955. It is inadequate today. And if the private sector of the American economic and political communities is to be engaged in support of development abroad in a more active way, as has been proposed here, the existing clearinghouse will prove to be obviously insufficient. It is necessary to have this information exist within AID itself, for the coordination—as opposed to direction—of the multitude of private aid efforts by a multitude of voluntary associations in the United States will require extraordinary emphasis and attention.

With over 400 agencies in the private aid field already, with over 3,000 private U.S. business concerns operating with facilities abroad, and with an ever-increasing participation of local communities and other voluntary groups, it is essential to establish a clearinghouse and coordinating office that will be able to minimize the duplication of effort and maximize the information available on what efforts are being undertaken and what efforts need assistance. The program to engage the private sector in the development process in the support of foreign aid imposes a new obligation upon AID to provide the administrative framework within which such a vastly expanded program of personnel and communications can be effectively and orderly managed.

CONCLUSION

We believe that the recommendations we have made here today will contribute to the strength and effectiveness of our efforts to assist the developing countries. Insofar as they reflect a sharp break with the past, we recognize how little really we have learned about the development process. We have learned a good deal about programs and policies that will not work; we have learned a good deal less about those that will.

We really do not know to what extent the experience of U.S. voluntary agencies will be transferable to a situation which differs so sharply from our own. We really do not know just what it is that will give people in the rural backwaters of Latin America, Asia, and Africa a sense of their own political effectiveness.

But we do know that there is a revolution going on. Either we will use our resources in an effort to channel that revolution in a direction that promises freedom, or we will leave it to those for whom freedom has no value.

If we truly believe that the principles of freedom, liberty, equality, and self-government have relevance for all people in the modern world, we must, as a matter of national interest and moral conscience, move in the direction we have proposed today.

The CHAIRMAN. The time of the gentleman from New Jersey has expired. All time has expired.

Mr. ADAIR. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Indiana makes the point of order that a quorum is not present. The Chair will count. [After counting.] Fifty-three Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 162]

Ashley	Garmatz	Powell
Baring	Hansen, Wash.	Resnick
Barrett	Harsha	Rivers, Alaska
Bell	Harvey, Ind.	Robison
Blatnik	Herlong	Schneebell
Bolling	Holland	Scott
Celler	Jones, N.C.	Senner
Clark	King, N.Y.	Smith, N.Y.
Colmer	Kluczynski	Smith, Va.
Conable	Landrum	Stephens
Conyers	McEwen	Toll
Corman	McFall	Trimble
Cunningham	Martin, Mass.	Tupper
Dow	Mathias	Van Deerlin
Duncan, Oreg.	Matsunaga	Walker, Miss.
Edwards, Calif.	Mills	White, Idaho
Edwards, La.	Moorhead	Whitten
Ellsworth	Morris	Willis
Evins, Tenn.	Murray	Wilson
Fallon	Nix	Charles H.
Farnsley	O'Neal, Ga.	Wyatt
Flynt	Pool	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and finding itself without a quorum, he had directed the roll to be called, when 370 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1966".

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

NEED FOR LEGISLATION

Mr. FASCELL. Mr. Chairman, in addressing myself to the bill before us, I shall confine my remarks to two aspects of this legislation: to the need for it, and to the new dimension which it provides for our foreign aid effort.

The need for this legislation—for the various instruments which enable the President of the United States to carry out the foreign policy of our Nation—is

as urgent today as it was 10 and 15 years ago.

The world in which we live is still a very troubled world. The ancient enemies of mankind—hunger, disease, and ignorance—exercise their sway over the lives of millions of our fellow men. The clash of competing ideologies—the greed and perversity of some men and of some rulers—threaten the security and the lives of millions of peoples in Asia, in Africa, in Latin America and in other areas.

In times like these, we in the United States—the strongest and the most prosperous country on earth today—must take adequate measures to provide for our own security and to help others attain theirs.

The military assistance program embodied in the bill before us—and, to a large extent, the supporting assistance and the contingency fund authorizations—are required for this purpose.

In addition, and looking to the future, we must continue to aid in ameliorating conditions which give rise to instability and disorder in the world—conditions of economic dependence, of underdevelopment, and of want. Our own material well-being, and the future of peace in the world, are intimately connected to the success of our efforts in this field—and not only of our own efforts, but also those of millions of peoples, and dozens of governments, who are striving to pull themselves up by their bootstraps.

The Alliance for Progress—the economic development loan program—and the technical assistance portion of the bill before us, are directed to the attainment of this objective. Without them, we would leave our Government, and our President, without the tools necessary to build for peace in the world.

THE NEW DIMENSION

In the remainder of my remarks, I shall speak about the new dimension of foreign aid embodied in this year's Foreign Assistance Act.

I believe that the bill before us contains some of the most important and exciting breakthroughs in our approach to the development process.

For years, the bulk of our foreign assistance effort was channeled into government-to-government transactions. The flow of our foreign assistance was predicated on the assumption that national governments were primarily, at times even exclusively, responsible for economic development of the territories under their jurisdiction.

To an extent, that assumption may have been correct when applied to the organization of society in many of the developing countries of the free world. However, it ignored one of the basic facts of life: namely, that economic development of the United States and Canada, of Western Europe and of Japan—the most industrialized and prosperous countries of the free world—was accomplished not by governments alone but through a combination of governmental action, private initiative and free enterprise.

The experience of the developed countries suggests that the most direct path to economic development, and to progress in such fields as education, health,

as well as to social and political development, lies in the direction of an effective, working partnership between private initiative and governmental enterprise.

It is only such a partnership that is able to harness the energies and the talents of the entire population of a country to the task of economic development—to harness them in a way which allows ample opportunity for innovation, for individual initiative, and for private cooperative undertakings.

Similarly, private enterprise and the experience and generosity of private individuals and organizations in the developed countries, can play an important part in stimulating economic development of the less developed areas.

We began to recognize these principles, and to apply them to our foreign aid effort, as early as a decade ago.

Through various amendments to our foreign aid legislation, enacted over a period of years, we called for the establishment of community action programs; for the encouragement of cooperatives, savings and loan associations, free labor unions and other private institutions; for the utilization of the experience and the facilities of U.S. voluntary agencies; and for the promotion of private investment capital abroad. All of these early congressional mandates were directed to the goal of assuring more comprehensive, diversified and effective popular participation in the development process.

Over 2 years ago, we took another step. A survey conducted by the Subcommittee on International Organizations and Movements, which I have the honor to chair, focused attention on the extremely broad range of programs conducted abroad by private, nonprofit American organizations and emphasized the contribution of those activities to the development process.

Our report stressed the urgent need to collate more information of this type, and to bring it to bear on the programing and implementation of our foreign aid.

The directory which we published after the survey constitutes something of a milestone in the effort to collect, organize systematically and disseminate information about the activities of such private groups.

NEW EMPHASIS ON PRIVATE PARTICIPATION

The bill before the House today takes another step—a giant step—along the path which we have marked in earlier years.

In a sequence of provisions written by the Committee on Foreign Affairs, this legislation emphasizes the importance of private participation in the development process—and directs the President to make such participation a high-priority goal of our foreign aid undertaking.

The amendments embodying this new dimension of foreign aid are scattered throughout the bill. They were proposed by a number of Members—Democrats and Republicans alike—and they convey our committee's conviction that in the process of helping the developing countries realize their full potential, we must place substantially more emphasis on private-to-private, and government-to-

private, channels of aid and communication.

I am certain that various members of the committee will elaborate on the specifics of these various amendments. I will, therefore, only briefly comment about their form and purpose.

CLEARINGHOUSE OF INFORMATION

One of the key amendments, contained in section 301 of the bill, directs the President to establish an effective system for obtaining adequate information about the activities of, and opportunities for, nongovernmental participation in the development process.

The amendment further imposes upon the President the responsibility to use such information in the planning, direction, and execution of our foreign aid programs, and to coordinate such programs with the ever-increasing developmental activities of nongovernment U.S. institutions.

This is the first clear, comprehensive, unequivocal expression of congressional sentiment on this subject. It is even more than that: it constitutes a legislative directive to the President to take specific steps in order to set up a clearinghouse of information about nongovernmental U.S. involvement in the development process—and to coordinate federally sponsored foreign aid programs with private effort.

We know that the Agency for International Development, working through its own staff as well as through contractual arrangements with the Technical Assistance Information Clearinghouse of the American Council of Voluntary Agencies for Foreign Service, Inc., in New York, has begun to collect and publish information about several segments of this private activity. What we need, however, is a concerted effort in this area—not only with respect to the programs conducted abroad by American organizations, but also with respect to the need and the opportunities for such private foreign aid. We trust that this new legislative provision will give the President both the necessary authority and the mandate to launch such a concerted effort.

RESEARCH AND EDUCATIONAL INSTITUTIONS

Another key section of the bill—section 103(a)—authorizes the President to assist research and educational institutions in the United States in strengthening their capacity to develop and carry out programs concerned with the economic and social development of the less developed countries.

During the next 2 fiscal years, the President may use up to \$10 million of technical cooperation, development grants and Alliance for Progress funds for this purpose.

AID currently uses the services of universities in carrying out some overseas programs. Frequently, these activities place excessive demands on the limited specialized manpower resources of such institutions. The new authority will enable AID to assist a selected group of educational and research institutions in developing additional resources and greater competence on the campus in problems related to growth in the de-

veloping countries. In turn, AID will be able to draw upon this increased private capability in preparing and carrying out technical programs in the developing countries.

ENCOURAGING PRIVATE INVESTMENT

The bill before us extends for 5 years the requirement that not less than 50 percent of development loan funds must be used to encourage economic development through private enterprise. It also contains the following provisions designed to encourage the flow of private investment overseas—a flow which is an important factor in economic development:

First. Section 301 provides for the establishment of an International Private Investment Advisory Council composed of leading American business specialists.

This Council will make recommendations to the Administrator of the foreign aid program with respect to activities where private enterprise can make a meaningful contribution. The Council will also serve as liaison for the Administrator with specific private enterprises which may be involved or interested in the foreign assistance program.

Second. Sections 102 and 105 of the bill direct the President, in carrying out the foreign assistance program, to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

Third. Section 104 changes the investment guarantee program in the following respects:

First. It increases the ceiling on the total amount of specific risk guarantees which may be outstanding at any one time from \$5 to \$8 billion;

Second. It raises the ceiling on the extended risks guarantee program from \$300 to \$375 million, while earmarking \$160 million of this amount for use on housing projects throughout the world.

Third. It increases from \$400 to \$500 million the amount of Latin American housing guarantees that may be outstanding at any one time, and earmarks \$350 million of that total for use solely for pilot or demonstration private housing projects similar to those insured by the Department of Housing and Urban Affairs.

And, finally, the bill adjusts the minimum rate of interest that the Administrator of AID can allow eligible U.S. investors to earn on loan investments for housing; raises from 20 to 30 years the maximum term of equity investment guaranties; and authorizes a number of lesser changes to make the program more serviceable to investors.

DEMOCRATIC INSTITUTIONS IN THE DEVELOPMENT PROCESS

I mentioned previously, Mr. Chairman, our committee's conviction that in order to expedite economic development, the people of the developing countries—as well as the private sector in the developed countries—must be given the means and the opportunity to participate fully in the development process.

In section 106, the bill before us addresses itself to this issue: it directs that

in carrying out programs of U.S. development assistance, much higher priority and emphasis shall be accorded to the goal of assuring maximum popular participation in the development process. The committee report points out that this goal can best be achieved through the fostering of democratic private and governmental institutions—cooperatives, labor organizations, trade and related associations, community action groups, and local governmental bodies. Such organizations provide the training ground for leadership and democratic processes. By making possible increased participation of such groups and of individuals in the planning, execution and evaluation of development undertakings; by utilizing the experience and resources of existing private and voluntary organizations; and, generally, by building of democratic private and public institutions on all levels—we can foster maximum reliance on enlightened self-help, at the same time assuring maximum return on each dollar spent through the foreign aid program.

CONCLUSION

Mr. Chairman, I stated at the outset that the bill before us—the Foreign Assistance Act of 1966—opens a new dimension of foreign aid. It is an exciting, and a promising, dimension. By placing new emphasis on private effort in the development process—by opening the doors wide and facilitating private participation in this process—I believe that we can greatly hasten the realization of our goals in this field.

Also, and perhaps even more importantly, by sharing with our friends in the developing countries the secret of our own economic growth; namely, that wise governmental policies must always be complemented by imaginative private initiatives, by voluntary cooperative efforts, and by reliance on local responsibility—we will enable them to advance toward a better tomorrow much faster than they could do it in any other way.

Even the Communists are beginning to realize that private, nongovernmental enterprise, which plays such a large part in our system, accomplishes more and pays larger dividends than total reliance on central government action—even when the latter is reinforced by coercion and terror.

What we propose today in the bill before us is a workable alternative to an unwarranted dependence on miracles wrought by governments alone. It is an alternative that has proved successful in each and every country which has managed to achieve economic progress while keeping secure its peoples' right to freedom. It is an alternative—a new dimension—which should meet with an enthusiastic response both in the United States and abroad.

AMENDMENT OFFERED BY MR. MAILLIARD

Mr. MAILLIARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAILLIARD: On the first page, immediately after line 4, insert the following:

"SEC. 2. The Foreign Assistance Act of 1961, as amended, is amended by inserting im-

mediately after the first section thereof the following new section:

"SEC. 2. LIMITATION ON FISCAL YEAR AUTHORIZATIONS.—Notwithstanding any other provision of this Act, nothing in this Act (except sections 202 and 252) authorizes appropriations for furnishing assistance or for administrative expenses under this Act for fiscal year 1968."

The CHAIRMAN. The gentleman from California is recognized for 5 minutes in support of his amendment.

Mr. MAILLIARD. Mr. Chairman, this is the amendment that I announced earlier in general debate that I was going to offer. It does one thing and one thing only.

Mr. Chairman, this amendment would reduce from 2 years to 1 year the authorizations contained in this bill, with the exception of the Development Loan Fund and the Alliance for Progress, which are not touched by the amendment.

I offer this for a number of reasons. Only on those two exceptions have we hitherto given multiyear authorizations. The remainder of the bill we have never before given more than a single year authorization. I am referring to economic not military aid. Also, if the Members will look on page 3 of the committee report, which has the table on the authorization requests, it becomes immediately apparent that no justifications for any fiscal year 1968 authorizations were given. We cannot find them in the hearings. We cannot find them in the report.

I am not one who is unalterably opposed to multiyear authorizations. I for one will oppose any attempt to reduce the multiyear authorizations for the Development Loan Fund or for the Alliance for Progress.

But, it seems to me, that if, even for administrative expenditures and these various other programs which do not have long leadtime factors, we are to decide to change the time-honored policy and proceed to a 2-year authorization, then it ought to be done at the beginning of a new Congress and not at the end of an old Congress. This will have the effect of having a new Congress, convening in January, which will not have the chance to examine this or which will not be compelled to examine this until the second session of that Congress. This certainly is very poor practice.

If we are going to have a 2-year program, it seems to me the administration ought to come in with a 2-year program, which it did not do. The administration request this year was for a 5-year program and open ended authorization, which would have abdicated virtually any responsibility of our committee to determine what should be authorized.

The committee wisely put dollar amounts on. The Members will notice that in some cases these amounts bear almost no resemblance to the budgeted amounts, even for 1967, but for 1968 we cannot find anything. I am not at all sure that we might not have granted much too much in some categories and too little in some other categories. But in any case we cannot find in the record any justification of what should be a proper amount.

I submit we should return to the honored tradition of the House for a single-year authorization. If there is to be a fundamental change in policy, I believe it should be considered by the new Congress in January.

I urge the passage of my amendment. Mr. ALBERT. Mr. Speaker, I rise in opposition to the amendment.

Mr. Chairman, before proceeding in opposition to the amendment, may I take just a moment to congratulate the Committee on Foreign Affairs, under the leadership of the gentleman from Pennsylvania [Mr. MORGAN] for the great job it has done this year.

The Committee on Foreign Affairs has reported a very good bill—the best in recent years. It will do the job, but at the same time it is a prudent piece of legislation which can be supported by every member. Again I congratulate the able chairman and his committee for their excellent work. It provides only a few million dollars more than last year's authorization bill, despite the fact that the needs have greatly increased during the past year. It provides aid for one less country than last year's bill. It also provides more aid for Vietnam than any other country.

This new legislation also includes increased funds for programs which Congress has always thought were basic, in agriculture, health, and education.

It is also worth noting that under this authorization bill we will still be spending less than three-tenths of 1 percent of our gross national product.

I think Members of the House generally agree that the foreign aid program is now the best administered and most effective in the history of economic assistance. For this reason, Members can vote with confidence for the bill reported by the committee. I congratulate the able chairman and the members of the committee for their excellent work.

The pending amendment would eliminate the 2-year authorization for all parts of the program except for the Development and Alliance Loan sections which the committee has recommended again for 5 years. Every minority member of the committee who has expressed opposition to the 2-year authorization has done so despite the fact that a number of these same members have supported long-term authorizations in the past for the Development Loan program and the Alliance for Progress as well as for military assistance.

It is difficult to understand the position of our Republican friends who oppose the 2-year proposition. It was a Republican President who first requested long-term authorization for the foreign aid program for the less-developed countries.

What President Johnson has requested and what the committee is recommending is merely an extension of Republican principles first written into law under a Republican President. But what President Eisenhower requested was much more radical than President Johnson's request. President Eisenhower's administration requested borrowing authority, which would have deprived Congress of all control over the foreign aid program.

By comparison, the request of President Johnson is for multiyear authorization with annual appropriations.

Most of those on this side supported President Eisenhower's request for long-term authorization in 1957 and again in 1959 for 2-year authorization for the Development Loan Fund.

The development loan fund was the first step in putting the foreign aid program on a sounder, more businesslike basis. All that President Johnson and the committee are now recommending is a minimum authorization of 2 years—which can hardly be called long-term, it is really a short-term authorization, for the remainder of the program.

The authorization for more than 1 year of the Development Loan and the Alliance loan programs has worked quite well. The present request merely extends this system to the other parts of the program, which are as deserving of 2 years as are the loan programs of 5 years.

Surely supporting assistance for Vietnam is deserving of a 2-year authorization. Contributions to international organizations, which are a continuing commitment by the United States, are also deserving of 2 years. Technical assistance is certainly deserving of 2 years, having been in existence since the point 4 program. It makes no sense to authorize loan programs for 5 years and refuse a 2-year authorization to these vital parts of the foreign aid program.

It is also important to point out that Congress has voted long-term authorizations of 3 to 5 years for the international foreign aid work of the International Development Association, the Inter-American Development Bank and the Asian Development Bank. There is no reason to penalize our own U.S. programs.

The advantages of a 2-year authorization are well known to Members of this House. Let me just point out the testimony of the chamber of commerce before the Foreign Affairs Committee in favor of a 4-year authorization, which is twice as much as the committee has recommended. One of the Nation's leading businessmen said in speaking for the chamber:

We think this is consistent with what we in business would term good long-range planning.

Those in the minority opposing the 2-year provisions are not being consistent, nor are they applying the same standards which were applied in establishing the Development Loan Fund. Former Congressman John Vorys, who led the fight against the long-term authorization of the Marshall plan recognized as early as 1957 that the foreign aid program as a whole should be put on a long-term basis. As he said during hearings that year:

This program, the mutual security program, is, I think, the only program on Capitol Hill that is both authorized and appropriated annually. I will take credit for blame for inventing that. I did that back in 1948. I think to some extent its usefulness has passed. But that is one of the things we face.

In order to get away from that, the Gordon bill and the administration presentation this

year suggests more in the way of continuing funds. That is one way to get away from it, as far as the authorization is concerned: More time for programing so that you don't have that Cinderella temptation the night of June 29 to plaster the walls with obligations.

In conclusion, let me point out that a 2-year authorization was recently passed for the food-for-freedom program by the House. Passage of the bill recommended by the Foreign Affairs Committee would be consistent with this action, with previous congressional action on foreign aid, and with the bipartisan positions of every president and with the recommendation of a variety of American leaders. I urge the House to support the committee bill.

Under unanimous consent agreement, Mr. Chairman, I include a statement about the 2-year authorization together with statements of spokesmen of various organizations favoring it:

TWO-YEAR AUTHORIZATION FOR THE FOREIGN AID PROGRAM

The Foreign Affairs Committee, acting on a request from the President to authorize the foreign aid program for five years, has renewed the authorization for Development Loans and the Alliance for Progress for five years and has recommended a two-year authorization for the remainder of the program. This is only half as much as the U.S. Chamber of Commerce has gone on record as supporting. The Vice President of Pfizer International, testifying for the Chamber, recommended a four-year authorization as being "consistent with what we in business would term good long-range planning."

Passage of the two-year program would be in keeping with Congressional action in the past and with the recommendations of a number of other persons and groups in addition to the Chamber.

1. In 1957 and in 1959 Congress approved two-year authorizations for the Development Loan Funds. This was made a five-year authorization in 1961.

2. In 1962 Congress approved a four-year authorization for the Alliance for Progress loan program.

3. At various times Congress has approved long-term authorizations ranging from three to five years for U.S. subscriptions to the World Bank, the International Development Association (a subsidiary of the World Bank), the Inter-American Development Bank, and the Asian Development Bank.

4. Congress has also approved long-term authorizations for the Food for Peace program. The House has recently approved a two-year authorization for the Food for Freedom program.

BIPARTISAN SUPPORT FOR LONG-TERM AUTHORIZATION

Every administration since the inception of foreign assistance has agreed on the need for long-term authorization of the program.

President Truman, under whose administration the Marshall Plan began and author of the Point 4 Program: "It is well known that one-year authorizations for development programs are wasteful and inadequate. Countries that are planning their development ahead . . . are kept in doubt and are unable to move ahead with confidence. The authorization clearly should be for 4 or 5 years, as in the case of the Marshall Plan."

President Eisenhower, who proposed the Mutual Security Program and under it the Development Loan Fund: "I believe our common objective can best be accomplished through a long-term authorization of ap-

propriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized . . ."

President Kennedy, who proposed the present Foreign Assistance Act and with it the Alliance for Progress: "Long-term authorization, planning and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect an increased response from other potential donors or any realistic planning from the recipient nations . . . No other step would be such a clear signal of our intentions to all the world . . . No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period."

President Johnson, who has directed the program toward new initiatives: "To signify the depth of our commitment to help those who help themselves, I am requesting five-year authorizations for our military and economic aid programs. For development loans and loans under the Alliance for Progress, this is merely a reaffirmation of the principle adopted by the Congress in 1964 and 1962. It will not impair the ability or the duty of the Congress to review these programs. Indeed, it will free the Congress from the burden of an annual renewal of basic legislation, and provide greater opportunity for concentration on policy and program issues."

CONGRESSIONAL CONTROL

Congressional control has been maintained over both foreign and domestic programs with permanent or long-term authorizations, including Development Loans and Alliance for Progress loans which represent approximately half of the economic aid program.

A long-term authorization does not bypass the normal procedures of Congress. Rather, it applies the same form of control exercised over all agencies and programs which have been authorized for more than one year.

First, authorizing legislation is recommended by the committees and debated on the Floor of each House of Congress. The resulting statute will provide a clear guide for administration, programming and financing a stated number of years. Congress can, of course, amend this authorizing statute at any time before the expiration of the authorization.

Second, the authorizing committees will exercise continual scrutiny over the operation of the program, and require periodic auditing and reporting. Freed from the annual authorization process, much of which required repetitive presentation and review, the authorizing committees can examine the entire aid program or selected aspects in greater depth and detail than before. At the end of the authorization period, Congress would be in a better position to make a broad judgment of the program and to determine constructive changes in future legislation. The Executive Branch would benefit similarly from a longer period of time between presentations of the program.

To facilitate continuing review by the authorizing committees, the President has requested an amendment to Section 634(d) of the Act to provide for a full and detailed annual presentation of the program to the House Foreign Affairs Committee and the Senate Foreign Relations Committee if it is requested. This amendment was reported favorably from Committee.

Third, during the years when the program is already authorized, annual appropriations would continue to be required. These, together with continuing review by the authorizing committees, would insure Congressional control over the foreign aid program—con-

trol which because it can be more selective will be more effective.

STATEMENTS BY BUSINESS, FARM AND LABOR LEADERS

U.S. Chamber of Commerce (John O. Teefer, Vice President of Pfizer International, on behalf of the Chamber, April 27, 1966): "Long-range economic planning and development must be emphasized in foreign assistance programs. To accomplish this goal, a 4-year authorization of foreign aid funds, subject to annual appropriations and review by appropriate Congressional committees, is desirable. We think this is consistent with what we in business would term good long-range planning."

Farm Bureau (John C. Lynn, Legislative Director, May 3, 1966): "Let's decide what is in the best interests of the United States. . . Make this a 10-year plan or a 5-year plan, if this is what is required. Then each year the administrative agencies of Government would come before this committee and demonstrate to you what progress they are making on the plan that you and, let us say, the AID administrators develop for India."

"We would be for a 5-year plan, but the authorization would be based on the progress being made toward carrying out the plan."

"This is the same procedure that the Congress follows with regard to domestic programs. We see no reason why it shouldn't be done with the AID program."

AFL-CIO (James F. Doherty, Legislative Representative, May 4, 1966): "the AFL-CIO Executive Council has endorsed the President's move to separate the economic and military aid requests and to have aid authorized for a 5-year period." (Statement by the AFL-CIO Executive Council, February 25, 1966. For some time, it has been clear that the yearly foreign aid programs require better planning. The executive council calls upon Congress to enact into law the President's proposals to separate the economic and military aid programs and to have them authorized for a 5-year period in order to make possible their being planned more effectively.)

STATEMENTS BY UNIVERSITY PRESIDENTS

National Association of State Universities and Land-Grant Colleges (by John T. Caldwell, President, North Carolina State University, May 10, 1966):

"The institutions of a society which develop, undergird and replenish the individual and social competencies cannot be produced overnight. For this reason we applaud the proposal in H.R. 12449 for five-year funding authorizations . . . But five-year authorizations would add a measure of psychological stability to a foreign aid program too often characterized in the past by year-to-year uncertainty. The five-year authorization begins to recognize the desirability of choosing long-range goals and building programs toward their achievement."

Earl Rudder, President, Texas A & M University: "One of the most common fallacies in foreign assistance thinking is the assumption that host officials responsible for development in newly developing countries are already committed to the action required for progress with specific development projects. This fallacy, plus short-term aid commitments results in projects getting underway without sufficient commitment on the part of the host government to secure the minimum in local participation and support required for success."

Elvis Stahr, President, Indiana University: "Renegotiations of contracts annually or biennially have been known to take as much as eight months . . . with corresponding uncertainty and loss of time."

John T. Fey, President, the University of Wyoming: "Lack of predictable funding is a major deterrent for any university-related program."

STATEMENTS BY RELIGIOUS LEADERS

National Council of Churches of Christ in the U.S.A., June 26, 1961: "Through the years the constituent denominations and the policy organs of the national council have formulated definitive recommendations with regard to the policies and operations of assistance programs. These have been presented to the Committee on Foreign Affairs on numerous occasions. They have included—(1) The authorization of programs over a period of several years so that plans, operations, and relationships with participating countries could be freed from impossible deadlines, crisis psychology, improvisation, and the waste which results from the 1-year programming cycle."

National Council of Catholic Women, April 28, 1966: "We fully support the President's request for a 5-year authorization of our economic assistance programs. The reason that we particularly are interested in a 4- or 5-year term on this particular bill is that we have found in many different areas that a project will be started, or it is ready to be started, but there is no point in starting it because in a couple of weeks, or a couple of months the committee has to look at it again, and decide whether we can do this or we can do that. This is a long-term project. You have to be educating men from primitive manhood and you can't do it in 12 months."

National Council of Jewish Women, May 4, 1966: "Five-year authorization: The National Council of Jewish Women favors a 5-year authorization, with yearly review of appropriations, for the economic aid program. We believe this is necessary to give validity and continuity to an assistance program emphasizing sustained long-term development in recipient countries."

"And long-term economic development based on 1-year planning does seem to us contradictory."

Mr. Chairman, I urge the defeat of the amendment.

(Mr. ALBERT asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in support of the amendment and move to strike the requisite number of words.

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, it requires some courage to take on the majority leader in his argument that Congress should change from a basic policy which we have maintained since the beginning of the foreign aid program to a new policy, by providing a 2-year authorization. Yet the majority leader himself made it quite plain that no justification has been made for us to support this 2-year suggestion; as that it is not even what the President has requested. The President requested a 5-year, long-term authorization and, as the majority leader himself said, this is a short-term authorization.

However, a 2-year authorization is twice as long as has been previously authorized and, for the life of me, I can see no justification, including the remarks just made, to make us change our present procedures.

The majority leader made much of the fact that Republicans only are now opposing this 2-year authorization. Well, the fact of the matter is that the conversion of a good many members on the majority side of our committee

is very recent and quite inexplicable. Certainly there is no partisanship involved here. The chairman of the committee himself said yesterday that he was a long-term opponent of long-term authorizations, and yet he is now supporting a 2-year program.

There is no reason, so far as the alleged advantages to the program are concerned, why we should take this course and adopt a change in policy. The only justification advanced, and perhaps this is a problem that should concern the members of the Committee on Foreign Affairs themselves and nobody else, is that we on the committee are so busy with other important business, or so incapable, that we cannot afford to take a good look at the foreign aid program every year. To my mind that is a reflection on the capacity of the Committee on Foreign Affairs. It is not an accurate reflection of how busy we are. Also, it ignores the fact that the foreign aid program is of such a character that it needs close supervision.

Indeed, the chairman of the Senate Foreign Relations Committee this year is leading the fight for a short authorization because he recognizes this is the only way in which Congress can keep it under close scrutiny. Granted, if the Foreign Affairs Committee wants to abdicate in favor of the Committee on Appropriations, that committee would exercise some control over these programs. However, the Appropriations Committee is concerned basically with money, whereas the basic policymaking committee should be the Committee on Foreign Affairs. There is no justification for us to change our policy.

The majority leader has suggested that this multiyear authorization was merely an extension of Republican principles, and asserted that President Eisenhower asked for something which was much more radical. I should like simply to point out that Congress did not respond to that suggestion of President Eisenhower. I should like also to point out that the suggestion now made by the Committee on Foreign Affairs is not a response to what the President is suggesting. He asked for 5 years, and the committee recommends 2. The reason why the committee has not responded is because there is a basic recognition that Congress needs relatively close authority over and control over the foreign aid program. It is simply a question as to whether we should do it on a 1-year basis, or whether we can get by on a 2-year basis.

Nobody has answered the argument that, if we should accept the 2-year proposal, and make this radical departure from the way that Congress has handled its responsibilities in the past, we should act at the beginning of a new Congress. Surely we should not attempt to bind a subsequent Congress, as we would be doing if we should approve a 2-year authorization this year.

Why, the majority leader asked, should we refuse to approve an authorization for a 2-year program for vital programs? The implication of that question asked by the majority leader is those programs would not be able to be carried on unless

we grant this authority. Yet vital programs will continue so long as they are authorized, and will not depend in any way on the length of the authorization.

We should continue with a 1-year authorization because this gives us an opportunity to scrutinize the program next year in the regular course of events. This would not mean that the long-range planning would not continue without interruption, and just as effectively and efficiently. The executive branch is already engaged in such planning. Secretary McNamara pointed out during the hearings that the executive branch is presently engaged in planning for military aid to a variety of countries. That is not going to be interrupted in any way, whether or not Congress authorizes this program for 1, 2, 5, or 10 years. So the argument that the chamber of commerce or anybody else may use, that the only way we can get good long-range planning is have multiyear authorizations, is entirely fallacious. We can get good long-range planning if we keep a close eye on what the executive branch is doing and how they attend to their business.

Mr. BURLESON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it may seem a little strange to some of my colleagues on the committee that I should take the well and, perhaps, it is strange. But, Mr. Chairman, I feel this is an issue which deserves careful discussion and support for a 2-year authorization.

Mr. Chairman, I am less than enthusiastic about this legislation but my colleagues know that I have never been a party, either in the committee or in this House in hampering and handicapping for the sake of doing so and because I opposed legislation. Neither have I been a party in supporting amendments to a bill, which I am not going to support. I have not done so in the committee, and I know my colleagues are aware of it.

Mr. Chairman, I have been for a longer authorization since the days of the Marshall plan.

I have served for a period of 16 years in this House on the Committee on Foreign Affairs. The thing that is amazing to me is that this program has worked in its administrative process as well as it has.

Mr. Chairman, we have had some fine administrators. We have a new one coming in now who is an able man. We have just lost an able man. We have people dedicated to performing a job which we tell them they must perform.

Mr. Chairman, I do not believe there is anyone who has been more enthusiastic about the technical assistance end of the program than have I.

The majority leader, the gentleman from Oklahoma [Mr. ALBERT] will remember there was a great man, Dr. Bennett, from his State who came before this committee many years ago. He had just returned from India and he went to Ethiopia. He was killed in an airplane accident, which was a tragedy and which represented a great loss, not only as an

individual but a loss in the terms of service to his country.

Dr. Bennett told the Committee on Foreign Affairs:

Just give me a \$2 steel-pointed plow that the Indian farmer can use in cultivating 18 acres of land rather than 4 acres; that is all I want.

Mr. Chairman, he said he did not want hundreds of millions of dollars to flow into this program.

My opposition to this program has been one of scope and not of administration and not of intent.

Mr. Chairman, we have tried to do too much. But no administrator and no administration can properly plan on a year-to-year basis in such an immense free-flowing operation as this and do it efficiently. Some of the most prominent leaders in this country, as the distinguished majority leader said—the U.S. Chamber of Commerce, the Farm Bureau, the AFL-CIO, and other organizations—have been insisting for years for us to do this job more efficiently, give these people time to plan, and we can look at it through the Committee on Appropriations year by year; give them a chance. However, we have never done this.

Mr. Chairman, I repeat that the remarkable thing is that it has worked as well as it has.

It just seems to me that if we would give them this opportunity it would be in our best interest.

Mr. Chairman, let me ask my friend, the gentleman from New Jersey [Mr. FRELINGHUYSEN], does the gentleman really think now, before he takes issue with me and says, "Well, how many hearings did you attend"?—I had a little business in my congressional district in the middle of these hearings to which I had to attend if I stayed here—but I would like to ask my friend, the gentleman from New Jersey [Mr. FRELINGHUYSEN] or any other member of the committee if—and this is no reflection upon any of them—if we really went into depth into this program this year, or as to that matter in the last several years? I do not think so.

Mr. Chairman, I say that whatever changes might be made can be for the better, because I do not believe the gentleman can tell us that we went into this program in depth.

This responsibility is certainly the responsibility of the Congress and a responsibility of the gentleman's party and I do not believe it has been done and I do not believe anyone has done it in the past several years.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. Yes, I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. If the committee has not gone into these questions in depth it is not because we have failed to give a long-term authorization. It is simply because we have failed in a basic part of our responsibility as members of a major legislative committee. It is not because of the lack of time. If we organized our time in such a way as to get the job done, we could do it on an annual authorization basis.

If we were to accept the line of argument that the gentleman is presenting, every major committee of this House would say—we can only afford to take a look at major problems falling within the responsibility of our committee every other year or once every 5 years.

I would suggest to the gentleman that that would be offensive to the members of most of the committees. I would hope it would be offensive to members of our own committee.

Mr. BURLESON. I think the gentleman is making a very good argument in favor of the 2-year authorization which would give us time to go into it. We have not been doing it and I think we should.

Mr. MORSE. Mr. Chairman, I move to strike out the last word.

(Mr. MORSE asked and was given permission to revise and extend his remarks.)

Mr. MORSE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is indeed an ironic moment, for we have on the minority side three Members speaking in favor of this amendment who, in the years that I have been a Member of this House, have traditionally and consistently supported the foreign aid bill, each speaking in favor of the amendment offered by the gentleman from California.

On the other hand, we have just heard our distinguished and scholarly friend, the gentleman from Texas, speaking against the amendment, a gentleman who has traditionally opposed this bill.

I think for the majority to accuse the minority in this regard of being insensitive to the needs of the foreign aid program misses the mark.

In this House in 1961, I as a new Member supported the long-range authorization for the Development Loan Fund and for the Alliance for Progress. You have my pledge I will fight to maintain the full 5-year authorization if it is proposed that the term of authorization for the Alliance for Progress be cut. As a matter of fact, I do not have strong feelings about the 2-year authorization but I do have strong feelings about the responsibility of this House to do its job.

In the committee absolutely no evidence and no testimony was presented as to what the requirements for the several accounts which are the subject of the 2-year authorization under the committee bill would be for fiscal year 1968.

For example, the technical cooperation development grant authorization in the committee bill in 1967 is \$231,310,000—the very same authorization for 1968. There was absolutely no study given to what the needs of the agency would be in 1968. That might require a different figure.

I could go down the line on this. You have the information before you on page 3 of the committee report.

Let us lay to rest one shibboleth right now—there is absolutely no need for a long-term authorization, to have the long-range planning that is so necessary to this program.

I was in the executive department for a couple of years during a previous administration. We planned long-range programs for 5 and 10 and 25 years with-

out long-range authorizations. So I think the two are absolutely unrelated.

Gentlemen, I insist that this House would be irresponsible to accept the 2-year authorization of the accounts other than the DLF and the Alliance for Progress at this time. No. 1, we did not examine what the needs would be nor did the executive suggest what the needs would be in fiscal year 1968.

Furthermore, if there is a time to provide for a long-range authorization or a 2-year authorization, I think common-sense dictates that it should be at the beginning of a new Congress. I think if this bill comes before this Congress next year, there will be an opportunity for us to examine properly the question as to whether or not we should have a 2-year authorization for these other accounts.

I urge the House to recognize its responsibility, Mr. Chairman, and I support the amendment offered by the gentleman from California.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, those of our colleagues who are not members of the Committee on Foreign Affairs will realize that it is very strange that this amendment should be so drawn as to be offered to this section of the bill.

This amendment is a limitation which has the effect of nullifying certain provisions of the bill which will be read later on and will be presumably, under consideration when they are read. All through the bill you are going to have conflicts between this amendment and the authorizations of funds which it contains. Such conflicts appear on page 3, page 11, page 12, page 13, page 14, and page 20.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I will yield in a moment. The right way to do what the gentleman seeks to do is to meet this issue headon everytime there is a provision authorizing funds and to offer appropriate amendments so that we can determine whether we want a 1-year program or a 2-year program. Let us settle the issue as we go along. Let us consider the technical cooperation and development grant authorization on page 3 and determine the length of time for which funds are to be authorized for that program. Instead, the gentleman has come in with an across-the-board, meat-ax type of amendment which applies to programs as a group rather than giving them individual consideration. That is the wrong way to do it. There will be conflicting provisions which may be difficult to interpret.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from California.

Mr. MAILLIARD. I just want to explain—and I should have explained when I offered the amendment—that we did this in order not to have to offer 9 separate amendments.

Mr. MORGAN. You will have to offer separate amendments to take out the dates—the references to fiscal 1968.

Mr. MAILLIARD. No—

Mr. MORGAN. How are you going to correct those dates?

Mr. MAILLIARD. The Parliamentarian and everyone else agrees that the amendment would be effective. I admit it is unusual.

Mr. MORGAN. How are you going to correct these conflicting provisions on the pages in question? Your amendment would not correct the subsequent language in the bill.

Mr. MAILLIARD. If the gentleman would read the amendment again, he would see that it is automatically done.

Mr. MORGAN. You are going to have conflicting provisions all the way through the bill.

Mr. Chairman, my name has been tossed around here several times by my distinguished friend from New Jersey [Mr. FRELINGHUYSEN] who has been saying that I have changed my mind on the question of multiple-year authorization. That is correct. If you will read the hearings, you will see that on the first day of our hearings, when the Secretary of State was present, I said to him that he would have to make a good case. I think the AID witnesses made a good case. So I became an advocate of the 2-year approach.

Now, the gentleman from New Jersey must have changed his mind because I have in my hand a quotation from the CONGRESSIONAL RECORD of August 15, 1961. Here is what he said during that debate:

Now, most of us, as I have indicated, are in favor of long-term programing. We recognize there can be more efficient and more effectiveness if we have long-term programs. Furthermore, I am certainly in favor of long-term commitments over a specific period to an individual country. We might develop such response on the basis of long-term authorizations for either three or four years. We might couple that with a multiple-year appropriation of part but not of all of the total amount.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I am sure the distinguished chairman of the committee knows without my telling him that the so-called good case that the executive branch made could not have been very good if the committee rejected their recommendation. Their recommendation was for a 5-year authorization. The committee took action for a 2-year authorization. There was no testimony of any kind at any point, and I challenge the Chairman or anyone else to say so, with respect to a 2-year authorization. We have no idea whether the executive branch wants a 2-year authorization or not. There was no evidence presented that such an authorization would be of any benefit to them in dealing with the recipient countries, whether or not we should continue to be generous, and there was no indication that their long-range planning would be more efficient or more effective.

Mr. MORGAN. I disagree with the gentleman. I attended every one of the hearings except two. I listened to both

the executive witnesses and the private witnesses and I have been convinced.

This House, on June 9 of this year, adopted a 2-year authorization for the food-for-freedom program without one single word of protest about a multiple-year authorization. That was a \$3 billion program, and not one single word of protest was offered on the floor of the House to a multiple-year approach to the food-for-freedom program.

Mr. MORSE. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. MORSE. During the committee's deliberation on this particular bill the administration did justify its reason for wanting authorization for a 2-year program; is that not correct?

Mr. MORGAN. If the gentleman reads the hearings, he will find several convincing arguments in favor of a multiyear authorization.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to our distinguished Speaker.

Mr. McCORMACK. In addition to the able arguments made by the distinguished gentleman from Pennsylvania, the chairman of the committee, the gentleman from Texas [Mr. BURLESON], and other Members in opposition to this amendment, I would like to point out that the program will enable AID more effectively to do a bargaining job with developing countries. It will also enable the representatives of our country to negotiate with other countries and to urge that they should put more money into the development countries.

As well stressed by the gentleman from Pennsylvania, the Chairman, it guarantees a more effective program.

I urge the defeat of the amendment.

Mr. MORGAN. Mr. Chairman, in conclusion I just want to say if we are going to face this issue, let us meet it. Let us meet it when we come to the authorization for technical assistance, and let us meet it when we come to the authorization for military assistance. We can consider each case on its own merit.

Mr. GERALD R. FORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at the outset, I do not have to apologize to the members of the committee for being somewhat critical of the foreign aid program at this time and for my support of the Mailliard amendment, because over the years I have consistently supported the mutual security program or any part of the program by whatever name.

I served for 12 years on the Foreign Operations Subcommittee of the House Committee on Appropriations. Each year I analyzed the budget submissions of the mutual security program, on AID, or whatever the name of the organization was at that time which was handling the foreign aid program in the executive branch.

I believe the annual appropriation process for the foreign aid program is mandatory. On some occasions I have

honestly doubted whether it was necessary to have annually both a foreign aid authorization and a foreign aid appropriation. But over the years I have gradually become convinced that it was more beneficial to do it twice than to do it once each year. Therefore I believe that we ought to have an authorization process every year, and we ought to have an appropriation process every year. The people who present the program should come up twice to the Congress, both the House and the Senate, to make their presentations and to justify the dollars, the programs and the projects that they are trying to get approved.

I have listened to members of the House Committee on Foreign Affairs for a number of years say repeatedly—and this is from Members on both sides—that they were never satisfied that they had had an opportunity to get into the program, into the details of the dollar submissions, and the individual projects and the programs that were submitted by the executive branch of the Government. These complaints came when we had an annual authorization.

Now the proposal is that instead of having an annual authorization presentation, they want to cut it in half. They want to make the committee's participation 50 percent less effective. I have heard many on the other side of the aisle, as well as on my own side of the aisle say that even when they did it every year, it was not sufficient. Now they want to cut it in half.

I do not see how we can get more congressional control when we reduce by 50 percent the time given to the consideration of it by the members of the House Committee on Foreign Affairs. Many of us are concerned—and that includes people on the other side of the aisle as well as people on our side of the aisle—that Congress is losing control over the programs, and over the dollars—and the dollars involved here are substantial. I just do not understand the rationale of those who say on one hand they want more congressional control, and on the other hand want to cut in half the consideration of the program by the House and by the Senate.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. GERALD R. FORD. I will be glad to yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I just would like to point out to the Committee that the Senate Foreign Relations Committee, by a vote of 11 to 5, strongly supports the position taken by the gentleman from Michigan. I quote:

A majority of the members of the committee feels that there should be at least an annual review by the policy committees of the Congress, at least until the world situation stabilizes somewhat.

Aid as a factor in the U.S. involvement in Vietnam, the use of American arms by both sides in the recent India-Pakistan conflict, the persistent overselling of aid as a "cure-all" both to the American people and to foreigners, balance of payments problems—these and other factors have had the effect of merging the thinking of Members who pre-

viously held opposite points of view on the merits of long-term authorizations.

Mr. GERALD R. FORD. I appreciate the comments of the gentleman from New Jersey. I do find myself in accord with the Senate recommendation.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent, Mr. GERALD R. FORD was allowed to proceed for 3 additional minutes.)

Mr. GERALD R. FORD. Mr. Chairman, the argument has been made that better planning would result if we had a multiyear authorization for some of these projects and in some of these accounts. I should like to point out that there are a number of programs and projects over the years which were 3-, 4-, or 5-year projects, and on which they have been able to achieve success on the basis of a 1-year authorization.

I believe I am correct in saying that in this bill itself we have a multiyear project, the Indus Basin project, for which in at least three and perhaps more years they have gotten a 1-year authorization. I understand that the agency and the committee itself point with pride to this project.

If this project is as good as they say it is—the Indus Basin project—and it is a multiyear project, and they have had to come up once every year and get an authorization, it seems to me this one illustration demonstrates we do not have to have a 2-year or 3-year or 4-year or 5-year authorization to get results from the vast expenditures that we make in this field.

Let me conclude with a final observation. I believe it is healthy for the executive branch of the Government to come up and to justify this program once a year to the committee ably chaired by the gentleman from Pennsylvania. I believe it is also wholesome for those in the executive branch to come up and justify their facts and their figures before the Committee on Appropriations. It is equally beneficial to the members of your committee, Mr. Chairman, and it is equally beneficial to the members of the Committee on Appropriations and to all of us who are not on these two committees to have an annual review, not once but twice. I urge approval of the Mailiard amendment.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California [Mr. MAILLIARD].

Among other things, I call attention to the technical services contracts entered into by the Agency for International Development—contracts which total almost a half billion dollars, incidentally.

This is something I believe we ought to go into next year, as well as many other foreign aid expenditures. We did not this year. I am going to cite a few contracts, and find out whether any of the Members of the Committee on Foreign Affairs can provide answers as to how this money is being spent.

For instance, there is the Council for International Progress in Management, Inc. It provides for an adviser to encourage tourism in Colombia.

My question is: How many more of these have we got around the world, paid with American tax dollars to promote travel in foreign countries?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, to answer the question.

Mr. GALLAGHER. The gentleman is a member of the committee, and he can have full access to all of the information he would require. He has as much information available to him as anyone.

Mr. GROSS. How would you like to answer the question? How many more of these are on the foreign aid payroll around the world?

Mr. GALLAGHER. You are a member of the committee, and you have the book in front of you.

Mr. GROSS. In Argentina, there are two contracts to do exactly the same thing: develop a model research center to provide a trained corps of professional economists. How many more of these contracts are there around the world? Do you not think we ought to know? I note that Robert R. Nathan & Associates, Inc., has a fat contract for almost \$1 million for the purpose of advising as to general policies of economic development in El Salvador. What is this about? Does any member of the committee want to answer the question? The name Robert Nathan was once bandied around, I believe, as one of the brain trusters for the Democrats in Washington.

Then I see that the Cooperative for American Relief Everywhere, Inc. holds a contract to assist Algeria to develop a capacity to operate and maintain a clinic.

Do you not think we ought to take a look at this and how many more Cooperatives For American Relief Everywhere there are?

Mr. GALLAGHER. Will the gentleman yield?

Mr. GROSS. Just a minute. You did not answer my other question. Let me finish, and then I will give you the opportunity to answer.

Incidentally, I note that the American Institute for Free Labor Development holds contracts in almost every country covered in this book, and almost all countries are represented. The stated purpose is the developing trade union practices and policies. I wonder who constitutes this institute, and what it has accomplished. We did not go into this in the committee this year. We could have started in January or early February of this year, held consistent hearings in the committee, and found out what is going on under these contracts if the committee had been organized to that end.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Then there is the African-American Institute, which has a lush contract for more than \$3 million to assist Guinea in selecting personnel for training. I do not know what for. I hope that the gentleman, who often is

known as the spokesman for the State Department in the committee, Mr. GALLAGHER, can tell me what this is all about.

Mr. MORGAN. Would the gentleman yield so I can make a correction at this point? This must have been one of the days when the gentleman did not come to the Committee on Foreign Affairs because of his conflict with another committee.

Mr. GROSS. Just a minute. Does the gentleman know of any other member of the Foreign Affairs Committee who spent any more time in the hearings this year, or last year, or the year before, than I did?

Mr. MORGAN. I will tell the gentleman he was not present, because they did testify, on page 691.

Mr. GROSS. Wait a minute. You are operating on my time. How do you know I was not there?

Mr. MORGAN. Here is the testimony on page 691. The gentleman said that the American Free Labor Institute did not testify. I say they did testify, and here is the record, and here is the list.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. MORGAN. I will let the gentleman proceed, but I am going to serve notice if there are any further requests for additional time I am going to be raising an objection.

Mr. GROSS. You just saved 2 minutes.

Mr. GALLAGHER. Will the gentleman yield?

Mr. GROSS. Just a minute. I want an answer to my question from the chairman if he will be so disposed as to give it. Do you know of any other member of the committee, with the possible exception of yourself, who spent any more time in the committee this year, last year, or the year before?

Mr. MORGAN. I admit that the gentleman from Iowa has been very good in his attendance at the hearings of the Committee on Foreign Affairs, but the gentleman does have some conflicting obligations. I just wanted to make that point.

Mr. GROSS. But the gentleman from Pennsylvania should not state that I said that they did not appear, because that is exactly what the gentleman said. They did appear.

Mr. MORGAN. If he gentleman will yield further, who appeared?

Mr. GROSS. The American Free Labor Institute.

I did not say they did not appear. Mr. MORGAN. You said they did not testify in front of the committee.

Mr. GROSS. No, I did not say they did not testify before the committee.

Mr. MORGAN. That is exactly what you said.

Mr. GROSS. I said that we needed to find out what they are accomplishing throughout the world.

Mr. MORGAN. If the gentleman had been present at the hearings I am sure

he would know what information is contained in the hearings.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, the gentleman from Iowa made a remark which referred to an analysis report in cooperation with the American relief operations. That is CARE, the worldwide relief and charitable society. I believe everyone knows of the work that they perform. I believe the gentleman has made a precise case as to why we should have a multiyear authorization, so we can get into the most minute details of the program.

Mr. GROSS. Does the gentleman know of any reason why they should be in Algeria, which probably supports the Communists with as much enthusiasm as any other country in that area?

Mr. GALLAGHER. Mr. Chairman, if the gentleman will yield further, I think the gentleman is misinformed or is inaccurate on that. Certainly, the man who did support communism everywhere is no longer in office. I believe this is one of the reasons why this program is working.

Mr. GROSS. And in Nigeria there are two contracts for exactly the same purpose, a feasibility study of key links on the Nigerian highway system.

I have no doubt that this dual study will lead to the American taxpayers having the dubious pleasure of providing the money with which to construct the key links in the Nigerian road system.

Now, Mr. Chairman, I would expect, if this amendment is not adopted, that there will be a rush for membership on the Foreign Affairs Committee next year because it will be one of the most comfortable committees to which a Member of Congress can be attached. And from what I have heard the Air Force or some other system of transportation is going to be hard pressed to provide transportation for the Members who will be traveling around the world. This apparently is one of the reasons for a 2-year program—so the Foreign Affairs Committee of the House can be really comfortable and travel around the world.

Mr. MORGAN. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. Sure, I yield further.

Mr. MORGAN. All I want to tell the gentleman from Iowa is that as chairman of the Committee on Foreign Affairs I have been pretty careful in signing authorizations for visits to go to various places throughout the world, and the gentleman knows it. The members of my committee do not travel very much.

Mr. GROSS. Well, that is very good, is it not?

Mr. MORGAN. I plead guilty—I admit that during the last 3 or 4 years, since the gentleman from Iowa became a member of the committee, I have tried to airlift the gentleman out of Iowa or out of the United States but I have not been successful.

Mr. GROSS. Well, that is your hard luck.

Mr. THOMSON of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of this amendment. I do not consider it a meat-ax approach to this problem at all. I think if the Committee on Foreign Affairs made a deliberate and independent judgment, the bill before us this afternoon would be a bill for a 1-year authorization. I think the efforts of the executive branch of the Government were clearly shown in that they failed to convince the committee that there should be no more than a 1-year authorization.

When the committee sat down to mark up this bill, our very congenial and very able chairman asked the committee whether we should consider a bill for a 1-year authorization or a 2-year authorization, and the committee voted almost unanimously for a 1-year authorization. The chairman of our committee brought in a committee print for a 1-year authorization and the bill that we marked up in that committee was a bill for a 1-year authorization.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. Not at this time. You have a great deal of time, Mr. FASCELL, and this is the first time I have spoken on this bill.

Mr. FASCELL. I just want to correct the RECORD.

Mr. THOMSON of Wisconsin. The RECORD is being corrected right now—that is my purpose.

Mr. Chairman, we marked up a bill in that committee for a 1-year authorization and that was the basic bill, and the committee print that was brought in by the chairman. And much to the consternation and amazement of the Committee on Foreign Affairs, after they brought in a committee print for a 1-year authorization, they learned that the other body had inexplicably voted for a 1-year authorization. Amazement prevailed in the committee.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to my chairman.

Mr. MORGAN. What the gentleman is saying is not quite accurate, I had two bills drawn up—one was a bill providing for a 1-year authorization and the other was for a 2-year authorization.

Mr. THOMSON of Wisconsin. That is precisely what I said—that is what I said.

Mr. MORGAN. You said that we started with a 1-year authorization when the committee had a choice between a 1-year or a 2-year authorization. The committee voted to consider the draft bill providing for a 1-year authorization. As we came to each section of the bill, we amended it in the regular way, under the regular procedure. By a vote of the committee, we adopted the 2-year authorization.

Mr. THOMSON of Wisconsin. Well, I am glad to have the gentleman confirm what I just said.

Mr. MORGAN. But there was a choice between two bills.

Mr. THOMSON of Wisconsin. There

were two bills as I said—a 1-year bill and a 2-year bill—and the committee voted to have a committee print brought in on a 1-year basis.

Mr. MORGAN. I am agreeing with the gentleman.

The committee voted to take up a 1-year bill.

Mr. THOMSON of Wisconsin. That is correct. That is what I have been saying.

Mr. MORGAN. The committee did not vote for a 1-year bill. That is what you are saying.

Mr. THOMSON of Wisconsin. Mr. Chairman, I am glad to have our genial chairman confirm what I am saying to this Committee. They did vote for a 1-year authorization until they found that the chairman and the Committee on Foreign Relations had voted for a 1-year authorization.

Mr. MORGAN. We voted to take up the bill which provided a 1-year authorization.

Mr. THOMSON of Wisconsin. Mr. Chairman, I decline to yield further.

Mr. Chairman, the executive department had made no case for more than a 1-year authorization. The committee was working on a 1-year authorization and this conversion to more than a 1-year authorization has occurred after the record was made and after the bill was before the committee for the mark-up.

I do not think there has been any record made to justify a 2-year authorization and I do not like to be in a position of a checker on a board being pushed around by the committee in the other body. I think it is high time that this body make an independent judgment on whether we have a 1-year or a 2-year authorization. I certainly hope that this amendment will be supported and confirm the judgment that was made in the Committee on Foreign Affairs the first day to consider a 1-year bill. It is high time that we exercise our independence in this body and adopt this amendment.

Mr. ADAIR. Mr. Chairman, I move to strike out the last word.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, I think most of the arguments for and against the amendment have been presented here this afternoon. However, there are two or three points that should be added. In the first place earlier in the debate on this amendment reference was made to the fact that certain representatives, for example, of the Chamber of Commerce came before the committee and urged a multiyear authorization. That is true. But if Members will read further in the hearings, they will find that under questioning these same witnesses stated that they intend by that that the matter should not be presented each year to the Committee on Foreign Affairs. They thought it should be. It was perhaps a lack of understanding of the legislative process that led them to endorse the multiyear program as proposed by the Executive.

Mr. Chairman, it may be worthwhile to examine, in at least one instance, how this operation works. Take, for example, the authorization for military assistance contained in this bill. It is \$917 million for fiscal year 1967. Incidentally, we have pointed out that that includes no military assistance for Vietnam, as that is now carried in another bill. But having in mind the uncertainty of our military requirements and the uncertainty of the world situation, what the majority of the committee did in this case and in others was in effect to say that \$917 million is what we need for military assistance in fiscal year 1967. Therefore it follows that what we need for fiscal year 1968 is also \$917 million.

The Secretary of Defense and others made a very careful and complete presentation upon this matter. They urged the committee to authorize the \$917 million requested for fiscal year 1967, but there was no evidence of any kind as to what would be needed next year. So the committee is saying that if this is sufficient for this year, no matter what the world condition may be next year, the same amount of dollars will meet our military requirements. I say, Mr. Chairman, that that is not a responsible way to legislate.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I fail to understand why we should authorize, as the gentleman has said, our foreign military assistance program for 2 years when we authorize our own military program for the United States, for our own Department of Defense, every year. If we can do it for our own Department of Defense every year, why should we not do it for the foreign military assistance program every year? It just does not make sense.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I am sure the gentleman knows the Department of Defense authorization for the purpose of conducting our military operations is a continuing authorization. We authorize military construction each year. But most of that \$50 billion defense expenditure is under a continuing authorization.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield further?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Our own defense program is authorized for 1 year. We authorize the military construction every year.

Mr. MORGAN. That is correct, but that is only part of the Defense appropriations. The rest is a continuing authorization. The same thing applies to the State Department, the Department of Agriculture, and other departments. They are all continuing authorizations.

Mr. CEDERBERG. If we can do it for our own Defense Department every year, why should we not do it for foreign assistance?

Mr. MORGAN. Mr. Chairman, that is not military construction—

Mr. ADAIR. Mr. Chairman, I decline to yield further.

The CHAIRMAN. The gentleman declines to yield further.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I feel the gentleman has misunderstood the chairman's position, and I would like to know on what authority the gentleman is basing his statement. It seems to me that for the past 4 years they have been before our committee urging a long-range authorization.

Mr. ADAIR. I said that, and I have added under questioning executive witnesses did go to the point. They said that their recommendation by no means was intended to imply that these programs should not be annually considered by the House Committee on Foreign Affairs, which is exactly what this amendment would require.

Mr. FULTON of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. FULTON of Pennsylvania. Mr. Chairman, I rise in support of this amendment to limit the U.S. foreign aid authorization to 1 fiscal year.

I fail to see why, when we have the Federal budget set on a fiscal-year basis, we should not then make our foreign policy conform to the Federal fiscal year policy. We have done this for years on U.S. foreign aid, ever since the Marshall plan was instituted. If we in Congress have been wrong all this time, Congress has been 50 percent wrong. Because Congress has held foreign aid hearings and authorized the U.S. foreign aid programs every year, obviously, according to the people who now advocate a 2-year authorization period, Congress should have only authorized the U.S. aid programs through hearings and debates every other year. So that 50 percent of the time of the Congress has been wasted—or has it really? I believe not.

Another point I would like to make is that the foreign policy of the United States is a continuing policy. The world is ever changing. The U.S. Congress cannot put off consideration of our important foreign policy, to every-other-year consideration. We on the House Foreign Affairs Committee should be examining the policy in major part all the time, week in and week out, and there should be annual justifications presented by the State Department, AID, and the various bureaus, agencies, ambassadors, ministers, and military advisers and administrators.

Why should we talk about major justifications? Several are saying we could get the opportunity in the House Foreign Affairs Committee to look into minor things. We should be looking at the major justifications and testing them, and not once every 2 years.

Certainly U.S. foreign affairs problems cause a fight on the floor of this Congress every year. I believe they ought to, and this is good. Our U.S. security is

involved. This is an untidy, warlike world and we must watch supremely carefully. We should not put the Foreign Affairs Committee of this House of Representatives on the shelf for 2 years and then make U.S. foreign policy merely a dollar justification or a house-keeping project through the House and Senate Appropriations Committees. This is a minor part of their responsibility and jurisdiction and the major part of the House Foreign Affairs Committee jurisdiction.

These members on the House Foreign Affairs Committee are experienced for years in working on our basic U.S. foreign policies. These policies should be justified carefully annually and the dollar sign should not be put first. I feel if we put the dollar sign first, we are going simply to have the House Appropriations Committee look at the dollar amounts and say that is what the U.S. foreign policies in all their varied aspects should be.

One further point is this. If Congress sets up the U.S. foreign aid authorization for 2 years, we are simply by arithmetic doubling the amount for this year, because there have been no justifications for the succeeding fiscal year 1968, beyond the current fiscal year 1967 we are now talking about. How can anyone in sound mind, how can any Congressman, how can any congressional committee decide right now what the policy should be for 1968? It is complete futility.

That means if Congress put a dollar amount in the authorization legislation for foreign aid for 2 years, we in Congress are talking about futile approaches. We are talking about policies and problems unknown at present, and that makes no sense in dollars. Therefore, the authorization in dollars means nothing. This change in effect means simply an open end authorization. How can this House for the fiscal year 1968, beyond the fiscal year 1967 coming up, have a dollar amount, judging what should be done all over the world 2 years from now for amount of authorization? It simply cannot be done.

What this 2-year authorization provision does, is to cut the power of this House of Representatives in this Congress to control and supervise our U.S. foreign aid programs. I am against this proposed change and oppose it strongly.

I want this Congress to control the power of the bureaucrats, and to continue to set the policies to which they must conform. This bill increases the power of the bureaucrats by 50 percent. The agencies will come to Congress and justify not what money they need based on the current year, but on basic policy set by Congress 2 years before.

I am sure the officials and people in AID and in the U.S. State Department look ahead with some little qualms and qualifications to coming up and getting a red hot going over on U.S. foreign aid programs every year. They would love not to have to face this prospect every year. If they could, they want to cut down this necessary testing of current positions and mistakes while they are hot and fresh. I do not blame them in the least. I would feel that way

too if I were in their shoes. Much better to account for 2 years old dusty history than a real live hot and boiling current controversy.

But let me tell you, those of us on the House Foreign Affairs Committee question these witnesses closely, and test policies, and try to see if our U.S. State Department, AID, and the various U.S. agencies, are keeping up with events, to see if these officials are watching diligently, to see if events really are moving, and policies carried out on behalf of the American people. I remember it was our House Foreign Affairs Committee that blocked the proposal of the military and the State Department when Sukarno of Indonesia was high in power, for sending for very advanced point-to-point tropospheric radio communications equipment. I am not permitted to explain too much about the equipment but current strong objections of some of us of the Foreign Affairs Committee blocked this proposal, would not let this equipment go. It was really across party lines that this objection was made, and it was certainly effective.

Will Congress get that kind of watching on a 2-year authorization of U.S. foreign aid? No, because for 2 years the Foreign Affairs Committee of the House will be set on the shelf. If I were a U.S. bureaucrat and could see that I could get a promise for my particular department or agency or bureau, a commitment of 2 years from this House of Representatives, and when Congress is always talking about economy—and we are doing much more about that economy than the Senate—if as a bureaucrat I could get that beautiful red apple for 2 years, I would be up here arguing for it just like they are.

But I oppose this proposal, as it is not a move for economy, but a guarantee of continued high spending which is causing inflation and high food prices, clothing prices, rents, and so forth. This is not good for the American people and the country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MAILLIARD].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. GERALD R. FORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MAILLIARD, of California, and Mr. GALLAGHER, of New Jersey.

The Committee divided, and the tellers reported that there were—ayes 86, noes 122.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PART I

Chapter 1—Policy

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

(a) At the end of the ninth paragraph, add the following new sentence: "It is further the sense of the Congress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do

divert their own economic resources for such propaganda purposes."

(b) In the last paragraph, immediately before the period at the end thereof, insert the following: "and to provide adequate compensation for such damage or destruction".

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose, and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, the House has previously granted the Committee on Banking and Currency permission to have until midnight tonight to file a report and an accompanying document on the housing bill, H.R. 15890.

Some of the material which should be in this report is not yet available. I, therefore, ask unanimous consent that the committee now have until midnight Friday to file its report on H.R. 15890 and an accompanying document in compliance with clause 3, rule XIII.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ECONOMICS PROFESSOR REPUDIATES FALSE CLAIMS OF FEDERAL RESERVE BOARD INDEPENDENCE

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, time and again I have risen on the floor to call attention to the false claims of independence by the Federal Reserve System. Of course, this so-called independence does not exist. It has not been granted by the Congress or by any Executive order. Whatever independence that the Federal Reserve claims has been seized and not granted.

I am pleased to see that the current issue of a highly respected economics journal, *Challenge*, carries an article which fully documents the absurdity of the Federal Reserve's claim to independence and autonomy. The article is written by Mr. Leo Fishman, who is a professor of economics and finance at West Virginia University. This is an excellent article by a recognized expert on monetary affairs. I hope my colleagues will read this carefully.

Professor Fishman says:

Unquestioning acceptance of the Fed's authority to behave in a completely autonomous fashion is unjustified.

He goes on to note that the implications for public economic policy in the months and years ahead could be grave.

In calling attention to the dangers of the Federal Reserve's seized independence, Professor Fishman says:

Thus, if the Fed had the power to act independently in matters of national economic policy, it is possible for monetary policy to be oriented towards one set of goals while fiscal policy is moving in a different—and incompatible—direction. It is also possible for monetary policy to be used in such a way that it will negate fiscal policy.

I place the complete article, "The White House and the Fed," in the RECORD at this point:

THE WHITE HOUSE AND THE FED—DOES THE FEDERAL RESERVE REALLY HAVE THE AUTHORITY TO MAKE NATIONAL ECONOMIC POLICY THAT RUNS COUNTER TO THAT OF THE ADMINISTRATION?

(By Leo Fishman)

Early in December, 1965 the Federal Reserve Board announced that it had "approved actions by the directors of the Federal Reserve Banks of New York and Chicago increasing the discount rates of those banks from four to four and one-half per cent" in order "to reinforce efforts to maintain price stability." It was no secret that although Fed Chairman William McChesney Martin had been urging such a move for some time, President Johnson felt that it was not warranted.

The Fed's action touched off numerous public and private discussions of the desirability of the increase in the discount rate. Very little attention, however, was devoted to the much more basic issue involved: Does the Board of Governors actually have the legal authority to act independently of the President in matters of national economic policy?

It is now rather widely recognized that the two most important sets of tools that can be used in determining and implementing public economic policy in the United States are fiscal policy (taxation, expenditures and budgetary deficits or surpluses) and monetary policy (the availability and cost of money and credit). Somewhat less well known is the fact that certain aspects of monetary policy are apt to be much faster and considerably more flexible than fiscal policy.

Monetary policy is most likely to be effective when used in restrictive fashion. If used for restrictive purposes, it cannot fail to counteract, at least to some extent, the effect of a stimulative fiscal policy.

Thus if the Fed has the power to act independently in matters of national economic policy, it is possible for monetary policy to be oriented toward one set of goals while fiscal policy is moving in a different—and incompatible—direction. It is also possible for monetary policy to be used in such a way that it will negate fiscal policy.

President Johnson, for any number of reasons, chose to say as little as possible about the December action of the Board of Governors and to play down his differences with Mr. Martin. Moreover, it is clear that the electorate now accepts without question Martin's repeated statements that the Board of Governors may act independently of the President in matters of national economic policy.

This unquestioning acceptance of the Fed's authority to behave in a completely autonomous fashion is unjustified. And the implications for public economic policy in the months and years ahead could be grave.

Martin and others who share his belief in the complete autonomy of the Fed have generally cited three different types of evidence in support of their position: Tradition and historical precedent, judicial decisions, and legislation enacted by Congress. In order to evaluate the validity of their contention, let us examine each one.

TRADITION AND HISTORICAL PRECEDENT

Supporters of an autonomous Fed hark back to the Madison Administration when Congressman John Randolph and Secretary of the Treasury Alexander Dallas supported efforts to minimize the influence of the President on the Second Bank of the United States. They also point out that Alexander Hamilton believed it would be unwise to put the credit of the First Bank of the U.S. at the disposal of the government.

But none of these men argued that either the First Bank or the Second Bank of the United States should have the power to act independently of the President in matters pertaining to national policy. Moreover, during those very same times other leading public officials were strongly opposed to the existence of both the First Bank and the Second Bank of the United States precisely because they felt that institutions of this type should not act (or have the power to act) independently of the Administration on questions of national economic policy.

Thomas Jefferson, who was President when the First Bank of the United States met its demise, and Andrew Jackson, who brought about the demise of the Second Bank, held substantially similar opinions in this matter. In a letter to Treasury Secretary Albert Gallatin dated December 12, 1803, Jefferson wrote: "What an obstruction could not this Bank of the United States, with all its branch banks, be in time of war! It might dictate to us the peace we should accept, or withdraw its aids." President Jackson commented on the Second Bank in a similar vein in his Farewell Address.

Proponents of the view that the Fed is completely independent of the President sometimes attempt to buttress their argument by referring to the Federal Reserve Act of 1913.

The 1933 Act, however, did not endow the newly created Federal Reserve Board with autonomy. On the contrary, the Federal Reserve Board, as originally conceived and created, was for all intents and purposes a bureau of the Treasury. The Secretary of the Treasury served as ex-officio chairman of the Federal Reserve Board, and the Board was assigned offices within the building occupied by the Treasury Department.

A careful reading of the Congressional debates that preceded passage of the Federal Reserve Act indicates that its proponents intended the Federal Reserve Board to act independently in the same sense that such government agencies as the Interstate Commerce Commission act independently in carrying out the policy directives contained in the relevant legislation. And there is no evidence that Congress intended to endow the Federal Reserve Board with power transcending that of the President of the United States.

Congress did intend to keep the Federal Reserve Board out of politics. For this reason, Congress encouraged the President to appoint to the Board only men of high caliber with competence in the field of finance, rather than political hacks. But there is no evidence that Congress intended to preclude the possibility of Presidential influence or control in matters involving the national welfare.

The 1935 Amendment to the Federal Reserve Act terminated the ex-officio status of the Secretary of the Treasury as a member of the Board. Statements made by Senator Carter Glass and others during the debates preceding passage of this Amendment, however, indicate clearly that Congress wished to free the Board from subservience to the Treasury, but not to grant it complete independence from the President.

In explaining to the House of Representatives the final version of the bill approved by the Senate-House conference committee, Congressman Henry B. Steagall (who spon-

sored the bill with Senator Glass) observed:

"The President of the United States is clothed with the power to reorganize the Federal Reserve Board, so as to bring the [Federal Reserve] System, with its vast resources and powers, into full harmony with the advanced policies of the present Administration." [sic]

Marriner S. Eccles, first chairman of the newly constituted Board of Governors, regarded the Board as part of the Administration and himself as a member of the President's official family. At the same time, he regarded the Board as a nonpolitical agency in the sense that its members would not participate in party politics or in political campaigns.

By word and by deed, President Franklin D. Roosevelt lived up to this conception of the relationship between the Board of Governors and his Administration and the position of the chairman in his official family. This relationship was altered by President Harry S. Truman after John W. Snyder became Secretary of the Treasury in 1946. Eccles was told that in any appearances before Congress he must make it clear that he was speaking for the Board of Governors and not for the Administration. Secretary of the Treasury Snyder was to be the spokesman for the Administration in matters pertaining to economic policy.

Eccles did not relish his new status outside the fold of the President's official family but neither he nor President Truman took the change to mean that the Board of Governors could thereafter act independently in making broad policy decisions affecting the national welfare. In fact, from 1942 until the early 1950s, it was not possible for the Federal Reserve to exercise autonomy in the determination of monetary policy. Since the Federal Reserve System was committed to pegging the price of government securities, its powers to determine monetary policy were necessarily limited.

JUDICIAL DECISIONS

Two decisions by the Supreme Court have also been cited to support the view that the Board of Governors is completely independent of the President. Neither of these cases involved either the Board of Governors or its predecessor, the Federal Reserve Board. The more recent of the two cases, *Humphrey's Executor v. United States* [295 U.S. 602] involved the Federal Trade Commission. In its 1935 decision, the Supreme Court ruled that the power of the President to remove a member of a Commission is restricted where its members are "an independent, non-partisan body of experts charged with duties neither political nor executive, but predominantly quasi-judicial and quasi-legislative. . ."

The relevance of this decision to the present issue is subject to question, however. It is doubtful that the Board of Governors is completely analogous to the Federal Trade Commission. The latter has been judged to be a quasi-judicial and quasi-legislative body, which is not part of the executive branch of the government. On the contrary, there is strong presumptive evidence that Congress intended the Board of Governors to be part of the executive branch of the government. Moreover, the Supreme Court warned against interpreting its decision in the *Humphrey* case too broadly, stating that its decision applied specifically to the Federal Trade Commission and that "the power of the President to remove an officer . . . will depend on the character of the office."

The issue being considered here, however, is not whether the President has the power to remove a member of the Board of Governors, but rather whether he has the power to overrule the Board of Governors if it makes a decision involving national economic policy that he does not approve of. This distinction is real, not fanciful. The President does not have the power to remove either

Senators or Congressmen from office, but he does have the power to veto legislation passed by Congress.

Actually, heavier reliance has been placed on a much earlier case, *Kendall v. United States* [12 Peters 210], decided by the Supreme Court in 1838. In that case the Supreme Court ruled that the branch of government is not the essential consideration in establishing the nature and extent of the independence of a government official but rather the statutory mandate of his office. In 1952, in oral testimony before the Subcommittee on General Credit Control and Debt Management, Lucius Wilmerding, a consultant to the Fed, interpreted this decision to mean that the President has no power under the Constitution "to interfere with, set aside, correct or revise, the decision of the Board in any matter which has been committed by Congress to the Board's exclusive jurisdiction."

Granted the validity of this interpretation of *Kendall v. United States*, does it follow that the Board of Governors may use monetary policy to achieve broad national goals in opposition to the wishes of the President? To answer this question, it is necessary to consider the relevant legislation and to ascertain whether Congress has committed to the Board of Governors exclusive jurisdiction over the use of monetary policy to achieve broad national economic objectives.

PERTINENT LEGISLATION

Neither the Federal Reserve Act nor any other legislation that cites the Board of Governors by name specifically gives it such a mandate. This fact has been noted by reputable public officials and economists, but their comments have not attracted the attention they deserve. Among those who have pointed out that no such clear-cut mandate exists are George Leland Bach of the Carnegie Institute of Technology, who conducted the Hoover Commission study of the Federal Reserve System, and Senator PAUL H. DOUGLAS. There is evidence that the Board of Governors itself held a similar view for years.

Unable to cite an explicit mandate, Mr. Martin and others who share his opinion have sometimes declared that an implicit mandate exists. In testimony before the Senate Finance Committee in 1957 Martin conceded, "The Federal Reserve Act does not contain any provision specifically stating that the objective of the Federal Reserve System is to promote conditions that will foster sustained economic growth and stability in the value of the dollar." He went on to say, however, that "this objective is implicit in the title of the Act and . . . together with the declaration of policy contained in the Employment Act of 1946, it is clear that the promotion of credit conditions conducive to economic growth and the maintenance of the stability of the dollar is one of the most important objectives of the Federal Reserve."

But a careful reading of the legislation referred to by Chairman Martin does not reveal any valid basis for the claim that the Board has an implicit mandate to use monetary policy to achieve broad national goals independently of the President. The language used in the title of the Federal Reserve Act is straightforward. It states that the purposes of the Act are to establish Federal Reserve banks, furnish an elastic currency, and afford means of rediscounting commercial paper. The exercise of monetary policy for the purposes mentioned by Mr. Martin is not implicit in the title or in any other portion of the Federal Reserve Act, either as originally passed or as amended.

In fact, the possibility that monetary policy would or could be used to achieve broad national economic goals probably never occurred to those who initially conceived the Federal Reserve Act or to the members of Congress who passed it.

Moreover, the present-day use of the powers of the Federal Reserve System is com-

House July 14, 1966

14. FISH PROTEIN. Rep. Pelly spoke against an amendment proposed to the food for freedom bill which "would permit fish concentrate to be exported under Public Law 480 without prior approval from the Food and Drug Administration." pp. 15063-4

15. FOREIGN AID. Passed, 237-146, H. R. 15750, the foreign aid authorization bill. Rejected 191-193, a motion to recommit designed to reduce from two years to one year all authorizations except for the Development Loan Fund and the Alliance for Progress and to reduce the amount for development assistance. pp. 14993-15034, 15051-52, 15056

Agreed to the following amendments:

By Rep. Moss, that where commodities are furnished on a grant basis under this Act under arrangements which result in the accrual of proceeds to the Government of Vietnam, such proceeds may not be budgeted by the Government of Vietnam for economic assistance programs without prior approval of the President or his representative. pp. 15012-3

By Rep. Halpern, to withhold Public Law 480 assistance from the United Arab Republic. pp. 15017-23

By Rep. Rumsfield, to encourage U. S. private enterprise by utilization of cost-plus-incentive-fee contracts with private firms to develop and operate specific development programs. pp. 15024-5

Rejected the following amendments:

By Rep. Purcell, to limit Development Loan Fund loans to maximum terms of 25 years with 5 years grace. pp. 14993-14999

By Rep. Adair, to reduce the period of authorization of the Development Loan Fund from 5 to 3 years, and the amount from \$1 to 3/4 billion yearly. pp. 14999-15000

By Rep. Quie, to reduce from 40 to 25 years the loan period for non-capital developments, such as Public Law 480 loans. pp. 15000-1

By Rep. Freylinghuysen, to reduce from 2 years to one year the authorization period for international organizations and programs (chapter 3) (pp. 15009-12), and for administrative expenses. pp. 15027-8

6. ADJOURNED until Mon., July 18. p. 15083

ITEMS IN APPENDIX

7. PRESIDENT'S SPEECH. Rep. Smith, Ia., inserted an article, "L.B.J. In Iowa: Stands Firm, No Alibis For His Policies." pp. A3707-8

8. FOOD PRICES. Extension of remarks of Rep. Roudebush stating that "every housewife in America has felt the pocketbook pinch..." and inserting an article, "Food Prices Up 20 Percent In 6 Months." p. A3713

9. COMMUNITY DEVELOPMENT DISTRICTS. Extension of remarks of Rep. Roncalio opposing S. 2934, the proposed bill to expand the community development districts program. pp. A3723-4

10. FARMERS. Extension of remarks of Rep. Callan paying tribute to American farmers. p. A3731

BILLS INTRODUCED

21. TIME. S. 3616 by Sen. Bayh, to amend the Uniform Time Act in order to allow an option in the adoption of advanced time in certain cases; to Commerce Committee. Remarks of author p. 14912
22. DAIRY. S. J. Res. 175 by Sen. Proxmire, to designate the period beginning November 27, 1966, and ending December 1, 1966, as "National Dairy Farmers Cooperatives Week"; to Judiciary Committee. Remarks of author pp. 14912-3
23. PUBLIC WORKS. H. R. 16252 by Rep. Feighan, to amend the Public Works and Economic Development Act of 1965 as it relates to those areas to be designated as redevelopment areas; to Public Works Committee. Remarks of author pp. 15066-7
24. POSTAL SERVICE. H. R. 16256 by Rep. Race, making an appropriation to enable the Post Office Department to extend city delivery service on a door delivery service basis to postal patrons now receiving curbside delivery service who qualify for door delivery service; to Appropriations Committee.

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COMMITTEE HEARINGS JULY 15:

Food for freedom, S. Agriculture (exec).

Certificates of exemption under Interstate Commerce Act, S. Commerce (Dice, C&MS, to testify).

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more in the National Institutes of Health program to study dental decay than the entire Federal effort in the study of the moral decay which produces these appalling and horrifying crimes.

Instead of spending somewhere between \$13 million and \$15 million a year in studying the causes and nature of crime on the streets of this country, and developing more effective measures of crime prevention and criminal law enforcement, we should be spending at least \$100 million a year on this problem.

We must galvanize our efforts—our scientific knowledge—our best brains in the field of criminology, sociology, and the communications sciences, and bring these resources and talents to bear upon the problem of crime in our neighborhoods.

The cities and States cannot go it alone; none of them have the resources to make a meaningful attack on the problem. The effort that the Federal Government is making toward helping States and municipalities across the country is shockingly and shamefully inadequate, and this horrifying episode highlights that fact.

Mr. Speaker this is why I introduced a measure, H.R. 14416 to establish a National Institute of Crime Prevention and Detection, with an initial annual budget of \$100 million. Such a definitive program would finally place the Federal Government forcefully and effectively behind the effort to harness existing scientific knowledge to crime prevention and law enforcement, and to direct major professional and research skills, organized on an interdisciplinary basis, to developing the knowledge we need to devise new tools, new methods and procedures, and new laws to bring tranquility and security to every American street and every American home.

FOREIGN ASSISTANCE ACT OF 1966

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 15750, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 101, ending on line 7, page 2 of the bill.

If there are no amendments to this section, the Clerk will read.

The Clerk read as follows:

CHAPTER 2—DEVELOPMENT ASSISTANCE

Title I—Development Loan Fund

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201(b), which relates to general authority, is amended by inserting after the second sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 202(a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out "\$1,200,000,000" and all that follows down through "succeeding fiscal years" and insert in lieu thereof "\$1,000,000,000 for each of the fiscal years 1967 through 1971".

(2) In the second proviso, strike out "June 30, 1965, and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1971".

AMENDMENT OFFERED BY MR. PURCELL

Mr. PURCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PURCELL: On page 2, immediately after line 12, insert the following:

"(a) Strike out the first sentence of section 201(b), which relates to general authority, and insert in lieu thereof the following:

"(b) The President is authorized to make loans payable as to principal and interest in United States dollars upon such terms and conditions as the President may determine except that the length of such loans shall not exceed twenty-five years nor shall the grace period of such loans exceed five years. Such loans shall be utilized to promote economic development of less developed, friendly countries, and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities."

And redesignate the following subsections accordingly.

Mr. PURCELL. Mr. Chairman, my amendment deals with section 201(b) of the Foreign Assistance Act dealing with general authority under the Development Loan Fund. Specifically, it would limit the maximum terms for development loans to 25 years and the maximum grace period to 5 years. At the proper time I will offer a similar amendment to section 251(a) which would have the same effect on Alliance for Progress loans.

The existing law permits the President to make loans "payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine." In actual practice, the Agency for International Development has extended loans on terms generally of 40 years' duration, with a 10-year grace period. The interest charged is 1 percent during the grace period and 2½ percent thereafter.

Mr. Chairman, my interest in this matter has greatly increased with the passage by the House of the food-for-freedom bill. This bill, as I explained in a letter to all Members of the House yesterday, ties the terms of dollar credit sales under Public Law 480 to section 201 of the Foreign Assistance Act.

Under title IV of Public Law 480, the terms since 1960 have been 20 years with a 2-year grace period. Over \$1 billion in title IV sales have been made, often on terms harder than this. During the markup of the food-for-freedom bill, the Committee on Agriculture voted 21 to 12 to limit dollar-credit sales to this 20-year term with a 2-year grace period.

It was argued that this would discrimi-

nate against the farmer to require that his products be sold on a 20-year term while U.S. manufacturers are selling their products on 40-year terms under the current foreign aid program. So, on June 9, the House voted 193 to 165 to put Public Law 480 dollar-credit sales on the same terms as foreign aid.

I favor, and I think a number of my colleagues in the Agriculture Committee favor, a revision of all foreign aid terms—Public Law 480 and dollar foreign economic assistance—to a maximum of 25 years with a 5-year grace period.

This shorter grace period will be of real benefit to the U.S. balance of payments. I think this is a most important consideration in view of our many long-term commitments abroad, including Vietnam. At the same time, when we look at what other nations are doing in their economic assistance programs, these terms I propose are still very liberal. They provide a sufficient repayment period if there is any realistic prospect for repayment.

The argument most often used against more realistic repayment policies such as I am proposing is that of the growing debt burdens of the less developed countries. We should not, in our efforts to help other countries, forget our own debt burden. Our balance-of-payments problem is serious. We have had a deficit in every year since 1950 with the single exception of 1957. And this problem is showing little, if any, improvement.

As I explained in my letter of yesterday in some detail, what we are now doing is making it possible for the less developed countries to use the foreign exchange it earns to repay their existing hard-term debts, both public and private, to the European countries, Canada, Japan, and the World Bank. I believe it is not good policy for us to supply large amounts of extended credits while the other industrialized, capital-exporting countries are repaid on their hard credits.

This Nation is virtually alone in extending such long-term credits as 40 years with a 10-year grace period. In 1964, the United States made 98 percent of all loans of 40 years or more.

The weighted average maturity of loan commitments of the Organization for Economic Cooperation and Development countries, exclusive of the United States, in 1964 was about 17 years. The U.S. weighted average maturity was 33 years.

Mr. Chairman, I conclude that a 25-year term with a 5-year grace period is substantially more liberal than what the other developed nations of the world are presently extending. They are liberal enough if aid funds are being used efficiently and economically. The shorter grace period would assist our very serious balance-of-payments situation. Hopefully, these sounder terms would foster a greater sense of responsibility and urgency in the governments of the less developed countries concerning the utilization of foreign assistance. Mr. Chairman, I urge adoption of my amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. PURCELL. I yield to the gentleman from Illinois.

Mr. FINDLEY. The gentleman has presented an amendment or has indicated that he will do so. Would the gentleman clarify what the terms of the amendment are or would be? I understand there would be a 5-year grace period. What would be the interest rate beyond the 5-year period?

Mr. PURCELL. Three percent.

Mr. FINDLEY. Three percent interest. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HARVEY of Indiana. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. MORGAN. Mr. Chairman, I was about to make a reservation of objection, but I am not going to object to the present request. Time will be short today, and I think the House should proceed in regular order. If there are any further requests for time, I am going to object.

The CHAIRMAN. Without objection, the gentleman from Texas is recognized for 2 additional minutes.

There was no objection.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. PURCELL. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. I certainly want to compliment the gentleman. As the ranking minority member on the Subcommittee on Foreign Operations of the Committee on Agriculture, I would like to say that we have carefully considered Public Law 480 since its inception, and I wish to commend the gentleman from Texas for his amendment and express the hope that it will be adopted. It is a timely amendment, and one that is sorely needed.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. PURCELL. I yield to the gentleman from Kansas.

Mr. DOLE. I wish to commend the gentleman from Texas for indicating that he will offer an amendment as he indicated at the proper time. As the gentleman knows, the subject was a very important controversy when we considered the food-for-freedom program. I think it is a worthwhile and needed amendment.

Mr. PURCELL. I thank my colleague. In order that the House Members may understand, I have now offered an amendment. If it is necessary to do this totally, it will take another amendment. But I have now before the House an amendment.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New Jersey is recognized for 5 minutes.

Mr. GALLAGHER. While I certainly cannot but stand against the gentleman's amendment, the question nevertheless is not on the real interest yields themselves. The question is whether or not we want to help these people, whether or not we want to make these loans. The programs we had for many years

were primarily on a grant basis. We have shifted from the grant basis onto dollar repayable loans.

The issue is whether or not we can make realistic repayment loans, as the gentleman said. The fact of the matter is that if realistic bankable loans could be made, and those loans could be applied for at the Export-Import Bank. There are financial institutions structured to make realistic loans where repayment capability is not the significant factor.

The problem is, why should we make a loan so difficult that it cannot be repaid? At that point, then we either have to extend the terms or move toward a position where the countries themselves cannot pay at all and they go into default.

The whole purpose of this is whether or not we can make loans that are loans that these countries can handle. While the gentleman's amendment is certainly worthwhile and motivated in the right direction, the fact of the matter is that we have a choice either to make these loans or to get back onto a grant basis.

The will of the House down through the years has been to get away from grants and to get onto loans. These loans are sufficiently flexible so that they can be tailored to a nation's ability to repay. The question is whether the United States will try to make loans and adjust those terms to the future abilities of the countries to pay. For these reasons, I urge that this amendment be defeated.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the proposal of this amendment points out some of the difficulties which some people may want to approve of—the diversification of foreign policy among committees. I do not see any particular virtue of fixing a foreign policy by the Agricultural Committee, but it is their prerogative since that law happens to come under their jurisdiction. But it does point up the fact that the action of that committee puts it into competition with a good program operating under the foreign aid program. There is no logic in this, that because they seek to change that program, that a good program working under the foreign aid program ought to be changed. That logic is not necessarily correct.

As a matter of fact, all Development Loan Funds are repayable in dollars, and AID makes most of its loans on minimum terms set by Congress in 1964—1 percent during a 10-year grace period, and 2½ percent for the remaining 30 years. AID makes loans on harder terms to countries which are able to pay the costs. For example, to Israel we lent \$4 million for development of its telephone system, with loan terms of 3½ percent for 20 years, with a 5-year grace period.

I do not see any virtue in removing the flexibility which exists under this program. Furthermore, last year at the request of this Congress, we made a study of the relation of loan-terms and debt burden on the development of countries. That was called the "Loan-Term, Debt Burden and Development." That documented the mounting foreign debt burden of many underdeveloped coun-

tries and concluded that hard term credit made it not only difficult for the United States to attain its objectives, but in the long run would be of greater cost to the United States in attaining the objectives and furthering programs for growth.

Further, by hardening the credit terms, it would be self-defeating, particularly in the case where we have had, since 1946, \$32.8 billion in loans and have repayable on those loans \$12.5 billion.

So, having shifted the emphasis from grants and putting it on terms which, yes, are soft, but on which repayment has been good, and having achieved our objectives at the best net cost to the United States, I see no logic in saying that just because some members of the Agriculture Committee thinks this is good for the food for peace program, it ought to be good for the Development Loan Fund.

I submit, under the evidence we have, the amendment ought to be defeated.

Mr. PURCELL. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Texas.

Mr. PURCELL. I believe the gentleman misunderstood what my statement at least intended.

The Committee on Agriculture became interested in this problem because of its connection—and I believe perfectly logically—with the Public Law 480 program. At one time the Committee on Agriculture did vote to put in a 20-year limitation for the Public Law 480 program. That action was reversed by the House, and the present language in the food-for-freedom program or bill sets the terms for that program to be exactly whatever the foreign aid terms are.

I realize it is not always a compliment to be on the House Committee on Agriculture, but I do not believe it prohibits me from a license to come before this body and to ask that this body consider the ideas of those of us who have gone into some detail in regard to our foreign aid program as it is connected with food.

Mr. FASCELL. I certainly meant not to cast any reflection either on the gentleman or on the committee. I know he and they are sincere, dedicated, and knowledgeable.

Certainly we have a right to consider the proposal, as was done in the original food-for-peace program. We do have, from a practical standpoint, some division with respect to the setting of foreign policy in the two programs; one, Public Law 480, in the Committee on Agriculture, and the other in our committee.

I believe the House wisely settled that policy by trying to put the two together and leaving the policy questions fundamentally with the Committee on Foreign Affairs.

Mr. PURCELL. I have no argument with that in any way. I merely wish to convince those who are on the Foreign Affairs Committee that we on the Committee on Agriculture are not arguing about jurisdiction.

I am for the bill. I have been for every foreign aid bill which has come up since I have been in the Congress. I intend to vote for this bill, whether it does or does not include this amendment.

Mr. FASCELL. I thank the gentleman for calling my attention to his purpose.

Mr. PURCELL. I thank the gentleman.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

Mr. Chairman, I do so reluctantly, because I know the gentleman from Texas has been a supporter of this bill over a period of years.

I should like to repeat what the gentleman from New Jersey said. The basic reason for having an economic aid bill is to enable the United States to assist countries to improve the condition of their people. Those countries cannot do that with their own resources. We must have some flexibility in adjusting terms of repayment on these loans so that the conditions which confront the borrowing country 5 or 10 years from now can be considered.

When Public Law 480 first came before the Congress there was a jurisdictional question as to whether the bill should be referred to the Committee on Foreign Affairs or whether it should go to the Committee on Agriculture. It was referred to the Committee on Agriculture.

Many of us may lose sight of the fact that 50 percent of our foreign economic aid program involves agriculture and agricultural surpluses. So the Committee on Agriculture has a lot to say about the direction of foreign policy by virtue of its control over Public Law 480 and the food-for-peace program.

During our hearings the American Farm Bureau Federation appeared. The Farm Bureau is one of the most outstanding farm organizations in the country. Mr. John Lynn, legislative director, said this:

Last year—

And again this year—

we recommended that the authorization and appropriation for Food-for-Peace (P.L. 480) be transferred from the Department of Agriculture to AID.

It is clear that the so-called Food-for-Peace program is for all practical purposes a foreign aid program. It has become an important tool of foreign policy and has become less and less a surplus disposal operation. Agricultural commodity aid provided through P.L. 480 represented nearly 50 percent of total net U.S. economic aid supplies to underdeveloped countries in the last few years.

We see the Committee on Agriculture has an important influence over the making of the foreign policy.

I say if we put the gentleman's amendment in the bill we take away an important element of flexibility in this regard. The program has worked very well, as the gentleman from Florida has pointed out, over a period of years. These loans are working very well—it would be a mistake to interfere with it.

This has been a successful program. It has been a program that was recommended by President Eisenhower first in 1957 on a soft loan basis to be financed in part with local currencies. Then in 1961 we made them hard dollar loans. Not all of the loans are for a 40-year period. Some of them are for 20 years,

and some of them are 5- and 10-year loans, but this flexibility must remain if we are going to be successful in helping the underdeveloped countries.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman is spending his time discussing a jurisdictional fight, but the issue here is whether the House will reduce the grace period to 5 years and the total loan period to 25 years.

Mr. MORGAN. I wanted to tell the House that the Committee of Agriculture now controls about 50 percent of the foreign aid program. Therefore, I think that the jurisdiction over the food-for-peace program should be moved back into the Committee on Foreign Affairs where it belongs.

Mr. CURTIS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am happy to commend the chairman of the Committee on Foreign Affairs for making that statement which many of us have been arguing for years. This is exactly what should be the case. It was ridiculous in those past debates on foreign aid that we did not relate them to Public Law 480. Hopefully, the Congress will get around to this much-needed coordination.

However, I took the floor today because yesterday I was pointing up what I felt was the failure of the committee, that is, our House Committee on Foreign Affairs, to give appropriate attention to the report of the Advisory Committee on Private Enterprise in Foreign Aid dated July 1965. I was calling attention to the fact that we, in the present debate, were not giving it proper attention. Second, I was calling attention to the fact that the AID organization had not given it proper attention. This morning, completely out of the blue as far as I am concerned, I received two letters, one from the Catholic Charities, Diocese of Kansas City-St. Joseph, signed by Father Lawrence J. McNamara, enclosing a letter to him of June 29, 1966, from Bishop Swannstrom, executive director, Catholic Relief Services, National Catholic Welfare Conference, 350 Fifth Avenue, New York, N.Y., pointing up in a much more forceful way what I have been trying to point out and thought was accurate. However, of course, I am limited in my ability to dig into these matters. I am going to put both letters into the RECORD at this point. They read as follows:

Hon. THOMAS B. CURTIS,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN CURTIS: There is one other legislative matter which is of tremendous personal interest to me.

I am not thinking at the moment of any one particular bill as much as I am of the relationship between the Agency for International Development (AID) and the voluntary agencies cooperating with the Government in the Food for Peace program.

There are some serious problems that seem to be arising for the voluntary agencies—in fact, for the total effort on the part of the United States to confront the problem of world hunger and to develop deep friendships with the governments and peoples of underdeveloped nations. I am enclosing some excerpts from a letter recently received

from Bishop Edward Swannstrom, the Executive Director of Catholic Relief Services—National Catholic Welfare Conference.

In the excerpt from Bishop Swannstrom's letter, mention is made of the report submitted by a special Task Force to the Advisory Committee on Voluntary Foreign Aid of AID. Bishop Swannstrom seems to feel strongly that this Task Force report has received very limited circulation in the Government. He is "on top of" the situation on a day by day basis and is one of the best advised people in the world in terms of the problems of undeveloped nations and the American effort to participate in solving those problems. I have unquestioned confidence in his observation that AID has given little or no indication of the fact that this report even exists.

I have read the report in detail and would very much like to see it put into effect by AID. An expression of interest from yourself along similar lines would be a really big help to the hungry people of the world, to the voluntary agencies—and to the United States. I earnestly ask you for whatever word of encouragement or support you can give in the right places to the effect that you would like to see the recommendation of this report put into effect.

Copies of the report probably are available from AID. They are surely available from the Most Reverend Edward E. Swannstrom, Executive Director, Catholic Relief Services, National Catholic Welfare Conference, 350 Fifth Avenue, New York, N. Y. 10001.

Very truly yours,

Father LAWRENCE J. McNAMARA.

CATHOLIC RELIEF SERVICES,
NATIONAL CATHOLIC WELFARE CONFERENCE,
New York, N.Y., June 29, 1966.

Rev. LAWRENCE J. McNAMARA,
Catholic Charities,
Kansas City, Mo.

DEAR FATHER McNAMARA: First of all I want to express to you the very deep appreciation of my associates and myself for your invaluable help and cooperation in the promotion of this year's Bishops' Fund for Overseas Relief campaign. I have been told that it is already evident that the proceeds this year will surpass anything in the past. We will not know the full result until the Bishops' meeting in the fall when all the reports will be in, but it will not surprise me if the total reaches over \$8,000,000 this year. I say it won't surprise me—first of all because of the tremendous help you offered us, and secondly because of the concern I know there was at the time for the situation in Viet Nam and India and other sorely tried areas around the globe. May God bless you for your generosity and kindness.

During the meetings to promote the campaign, those Directors who were there will recall that I indicated that there may be times when you can be very helpful to us by bringing some of our concerns to the attention of your representatives in Congress.

If you have an opportunity to review the enclosed report, it will point out to you a problem which now faces all of the voluntary agencies in the foreign relief field who participate in the Food for Peace program by distributing American commodities to the needy overseas. It is a report prepared by a special task force appointed by the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development, Washington, to study the problems relating to our partnership with the United States Government. The report would seem to indicate that we have not been too successful recently in interpreting some of our problems to those who administer our governmental agencies. It is our feeling that unless some of the procedures, policies and regulations under which voluntary agencies accept governmental support are drastically revised, it will become more and more diffi-

cult for us to continue to participate adequately in the Food for Peace program.

The Advisory Committee's task force seems to recognize this when it points out that the voluntary agencies find themselves over-audited, required to conform with unenforceable and unrealistic regulations, embarrassed by intermittent food availabilities and harassed for the payment of claims for "misuses" or program irregularities beyond their control. Perhaps, most unfortunately, voluntary agencies, like our own, are beginning to reap a back-swell of resentment from the leaders of the private sector overseas, harmful not only to their own interests and objectives, but to those of the American people as a whole.

Volagencies must be accorded a radically different type of relationship if they are to preserve their integrity. Pyramiding governmental regulations, which almost completely becloud voluntary agency philosophy, have strained the partnership between government and the volagency to the point of almost total collapse.

Frankly, we need your help to bring this matter to the attention of those who represent you in Congress. The task force report has received but limited circulation in government. Only a few days ago I took it upon myself to send copies of it to all the members of the Senate and House Committees on Agriculture, the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. So far as volagencies are concerned, AID has given little or no indication of the fact that this report even exists.

You can help us to put the recommendations of this report into action. Since you believe in people-to-people programs instituted and conducted on the basis of human need as contrasted with government-to-government programs necessarily intertwined with politics and other pressures, we urge that you make known your support of the task force report.

With every kindest personal wish,

Sincerely yours,

EDWARD E. SWANSTROM,
Executive Director.

So far as both agencies are concerned, the AID has given little or no indication of the fact that this report of the advisory committee even exists. The bishop points out in this letter that he, on his own initiative, sent copies of this report to all the members of the Committee on Foreign Affairs and of the Committee on Agriculture, because he felt that these recommendations were so important.

And, Mr. Chairman, I can personally testify that it took my office over 2 weeks to obtain a copy of this report. And, certainly, I know AID in its own report which I read into the RECORD, devotes only one little paragraph, in a document of some 267 pages long, one little paragraph, telling that there is this committee; that it did make a report, that it has made recommendations, and that AID adopted some, and was proceeding to adopt others, but does not spell out anything about the recommendations beyond these meaningless generalities.

Mr. Chairman, as far as I can see AID is doing very little, really, to counteract the "Curtis corollary" that Government money will drive out private money.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. Yes; I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, I certainly would not want with the name of "Gallagher" to oppose "Monsignor

McNamara," or Bishop Swanson. But the fact of the matter is that Bishop Swanson did testify before the Committee on Foreign Affairs and we did listen to his views and we did take them into consideration.

Mr. Chairman, the Watson report about which he testified was mentioned several times.

Mr. CURTIS. The gentlemen means in the hearings, but we established the fact that your committee—

Mr. GALLAGHER. Yes.

Mr. CURTIS. Did not even think enough of it to even mention it in your report. Am I not correct? You did not even think enough of it to mention it in your report?

Mr. GALLAGHER. It is not mentioned in the committee report, but I want to assure the gentleman from Missouri that we did give it full consideration, and Secretary of State Rusk did, as well as the committee.

Mr. CURTIS. Then, may I state to the gentleman from New Jersey, and you can defend it, but obviously the Committee on Foreign Affairs did not think these recommendations were of very much significance.

Mr. CALLAN. Mr. Chairman, I move to strike the requisite number of words. (Mr. CALLAN asked and was given permission to revise and extend his remarks.)

Mr. CALLAN. Mr. Chairman, I believe we ought to put in perspective the position of the Committee on Agriculture with respect to this amendment and with respect to the Food for Freedom program.

No. 1, Mr. Chairman, there were many of us on the committee who did oppose this limitation on the loans that are included in the food for freedom.

Now, Mr. Chairman, with respect to whether or not the Committee on Agriculture or the Committee on Foreign Affairs should handle this program, I would like to point out that the commodity programs in this country are going from time to time to have to be adjusted, as this program moves forward.

As a matter of fact, Mr. Chairman, this year we look toward increasing wheat production to the extent of about 15 million acres.

So, Mr. Chairman, I would suggest that if you are going to take this program away from the Committee on Agriculture, then somehow, somewhere there is going to have to be some coordination between the Department of Agriculture and the Committee on Foreign Affairs in respect to this production.

Mr. Chairman, this is true, because as of now our wheat surpluses are gone. This means increased wheat production.

Mr. Chairman, we have no soybean surplus and we have no butter surplus. Also, Mr. Chairman, the feed grains surpluses are about gone.

So, Mr. Chairman, I would suggest that this House give every consideration to this problem before we start talking about adjusting the program and changing the program from Agriculture to Foreign Affairs.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. CALLAN. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I want to concur in the statement which has been made by the gentleman from Nebraska [Mr. CALLAN] and also add the fact that I am very concerned that the specter of jurisdiction of committees which has been brought into this debate.

Mr. Chairman, quite frankly, it seems to me that this represents a kind of a "ghost" that has been raised here, and very suddenly.

Mr. Chairman, the Committee on Agriculture, through the years, has been diligent in its efforts and we are at this point making the crest with respect to foreign agricultural programs insofar as food is concerned.

During the preceding years, 1 year was not very important, in terms of total dollars and no one raised the question.

And they did not argue whether we had jurisdiction or not. It is only when this particular program has assumed its present proportions that the argument has been raised.

I want to compliment the gentleman on his argument, and I hope the amendment will be approved.

Mr. CALLAN. I thank the gentleman.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. CALLAN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Perhaps the gentleman from Indiana was not around here during the Marshall plan days, but I just want to tell the gentleman that we used some millions of dollars worth of farm surpluses in the Marshall plan days under the old section 402 of the Mutual Security Act and it worked very well.

I am not trying to make a jurisdictional fight here today. All I am doing is trying to point out that the Committee on Agriculture has a stake in our foreign policy because of their jurisdiction of the food for peace program. I cannot see why we should try now to model our development loan program to fit the conditions that apply to loans relating to sales of agricultural commodities and thus destroy the flexibility of the loan program. That is the only argument I am making. I am not trying to get in any jurisdictional fight here. I am arguing against the Purcell amendment because it will destroy the flexibility of the development loan program.

Mr. CALLAN. I agree with the gentleman, and I am opposing the amendment also.

Mr. GALLAGHER. Mr. Chairman, if the gentleman will yield, I think it might be worth while to note that if the Purcell amendment is adopted it would add approximately \$850 million to the debt burden of developing nations. Certainly this in itself is a burden, I think the gentleman will admit. The food-for-freedom program is now switching over to dollars instead of local currencies. So I think we are moving in the right direction, but to move too rapidly I think would result in the opposite of what we are trying to do through the aid program.

Mr. QUIE. Mr. Chairman, I move to strike out the last word, and rise in support of the Purcell amendment.

Mr. Chairman, we went over this matter of the length of time of loans in the Committee on Agriculture. I would have liked to see a 20-year limitation placed on Public Law 480 loans, but an agreement or decision was made by the majority that an effort would be made here on the foreign aid bill to make them all similar, and for that reason I am supporting this amendment.

I did not see any sense whatsoever in lending money to a country for the purchase of food and then not have them to pay anything for 10 years. In other words, to have a 10-year grace period and then paying the total amount after 40 years. Not only will they have eaten up the food long before then, but it is very doubtful if many of these developing nations will actually be the same nation at the end of 40 years, what with the rapid changes in governments, anyway. We cannot expect anything to be very similar to what it is right now. In fact, a 40-year loan with a 10-year grace period for food or tobacco is about the same as a grant.

With all of the loans that are given for nondurable commodities, both for AID and Public Law 480, which is affected by this language, we will find that the expropriation of property will not be the main problem any more because there will not even be that property to be expropriated in these consumer loans.

You can imagine yourself paying your grocery bill 40 years from now. If there ever was a temptation not to pay what you owe to a rich relative, I would say that this surely would be such a temptation. In order to give some direction to those who are administering this program I believe we at least need the amendment of the gentleman from Texas [Mr. PURCELL] because these new and developing countries are like a young person who is growing up in the family. They need to learn responsibility. If they know they must meet their first payment within 5 years, if that were the longest grace period, they will have a greater sense of responsibility toward this loan than they would have with the 10-year grace period. Also if they know they must be repaying this debt in 25 years—25 years is a generation. Any of us here can think of 25 years from now, but to think 40 years from now, there may not be any of us, or at least very, very few of us who will be in this Chamber who will be in a position of leadership any place whatsoever. And this is also the case with the leadership of those countries as well.

Twenty-five years is about all that one can conceive of in the future, so far as having responsibility for anything, or that we provide assistance for. Therefore, I certainly support the amendment offered by the gentleman from Texas.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. In addition to supporting the gentleman's views, I also would like to add the fact that

the argument that has been made that this would increase the responsibility of foreign nations, that is, their currency responsibility, I believe is a factor that is sorely needed. Therefore I certainly believe that that would be a good argument in favor of the amendment.

Mr. QUIE. I thank the gentleman from Indiana.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. MORGAN. During his remarks the gentleman from Texas said that this amendment was voted on in the House by a vote of 191 to 165.

The gentleman is a member of the Committee on Agriculture. I wonder if he would explain to the House whether this was a motion to recommit or whether this was a separate vote on this amendment.

Mr. QUIE. This was a separate vote on this amendment, because at the time a committee amendment was proposed to go to the 40-year provision in Public Law 480, the motion to recommit did not include this language because we had already had a separate vote on the committee amendment.

Mr. MORGAN. Then did not the House have a rollecall vote on this very amendment?

Mr. QUIE. If the point of view of the Members of the House is the same as the point of view of the majority of the members of the Committee on Agriculture, then they have not taken a position. The majority point of view of the Committee on Agriculture was that we ought to make these two programs the same, that the same language should prevail in both AID and Public Law 480. Therefore, the decision was made on their part that they would come before the House when this bill was up and try to change both of them down to some lower period. The only thing that the House decided was that the majority wanted Public Law 480 to conform to this bill. So now we must make our decision, whether we want both of them to be for 25 years or both of them to be for 40 years.

Mr. MORGAN. I thank the gentleman for his explanation.

Mr. ADAIR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, concern has been expressed here about the matter of flexibility and the ability of our agencies to extend assistance to developing countries. In that context we are frequently told that other developed nations of the world are extending extensive assistance to these newly developing nations. But the point that is noteworthy is that the assistance being extended by other nations, such as West Germany, Japan, and the United Kingdom is almost invariably on terms much more strict, much more severe than even the terms included in the amendment offered by the gentleman from Texas. Therefore, I say we should adopt the gentleman's amendment. We would still be in a position to extend assistance to many developing countries on a far more generous basis than almost any other nation, if not any other nation in the world.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mr. FINDLEY. Could the gentleman provide us with the name of any country which has ever given credit beyond 25 years for goods of a noncapital or consumable type?

Mr. ADAIR. I am not able to give the gentleman such information. I do not think such assistance has ever been given.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. One of the grounds upon which the administration opposes this kind of an amendment is that we are bringing pressure on other developed countries to make softer loans. I think the gentleman will recall that, for example, in the committee there was mention that Great Britain was giving some interest-free loans. So we are making headway. We are urging the developed countries to make loans on more reasonable terms, and for this reason I think we should not now be raising our own terms when they are at the stage at which they are reducing their terms.

Mr. ADAIR. The gentleman is quite correct in saying that there is testimony before the committee to the effect that we are urging other lending nations to make their terms more liberal. There was some testimony to the effect that this was being done. But even in the light of these allegedly more liberal terms, such terms are still far from being as liberal as the terms permitted under the amendment offered by the gentleman from Texas.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to my colleague from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I think we have lost sight of the fact that one title in Public Law 480 provides that outright gifts in the form of great amounts of food have gone abroad on that basis, so when you start to compare our activities in this area with those of other nations, I do not think that you will find any nation in the world that is comparable with regard to the actual nutritional help we have given freely to these underdeveloped nations.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Iowa.

Mr. GROSS. It is a hope, and I say an unfounded hope, that those countries will liberalize the terms of their loans, both as to amounts of money lent and as to the terms of the loans.

It is strictly a hope. That is all.

Mr. ADAIR. The gentleman is correct. In the effort being made, there is very little definite indication that it is fruitful.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I wonder if the British loan, to which the

gentleman from New Jersey referred, included an interest-free period as long as 5 years with a length of repayment in total extending 25 years? My guess is that our terms, as proposed in this amendment offered by the gentleman, are still a mile ahead in the sense of liberality as compared with the terms of the British proposal.

Mr. GALLAGHER. The British are now negotiating for some interest-free loans. I think this should be taken into consideration also, that there are only 10 countries involved in all this.

Mr. FINDLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise for the purpose of pursuing this colloquy with the gentleman from New Jersey and asking if the terms of the loan that the British are undertaking does include an interest-free period as long as 5 years, or with total terms beyond the 25 years?

Mr. GALLAGHER. Yes, it would. If the loan is interest free, that would extend beyond the 25 years. That is the kind of loan the British are discussing with India. These loans are with countries like India, Brazil, Pakistan, Turkey, Chile, and Nigeria. It is only the large countries which are involved in these loans.

Britain is negotiating for some interest-free loans rather than grants, and this is at our urging.

Mr. ADAIR. Are they repayable in hard currencies of the lending countries?

Mr. GALLAGHER. Yes, they are repayable, although I am not quite sure what the terms are. They are flexible, such as ours are.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, if the British are so well heeled that they can get into this racket of making practically interest-free loans, what are they doing asking us to extend credits to them to prop up the pound sterling? We have had millions of dollars dedicated backing up the pound sterling.

Mr. FINDLEY. I think the gentleman makes a good point.

Mr. GROSS. It just does not make good sense.

Mr. FINDLEY. I doubt whether we need fear the British outcompeting us for interest-free loans.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Chairman, I would invite the attention of the members of the Committee, and particularly the attention of the gentleman from New Jersey to the table printed at page 72 of the hearings, which is entitled, "Average financial terms of official bilateral commitments by DAC"—that is the Development Assistance Committee—"countries, 1962 to 1964." These are weighted figures. It is very clear that the majority of the loans as to the interest rates by other nations are by no means as favorable as those we have given traditionally. After the gentleman's amendment is adopted, there is still plenty of room for them to meet our loan terms.

Mr. FINDLEY. Mr. Chairman, if we refer back to the year 1941—25 years ago—and think of the vast changes that have occurred in the composition of nations on the face of the earth, I think we will have to admit to ourselves that loan terms which extend to 1991—which is 25 years from right now—are indeed generous and adequate and certainly realistic.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I thank the gentleman.

The gentleman has the table, which states the case since 1964. I think the gentleman should read the footnote under that table, which reads that Great Britain since 1965 has started to lend long-term loans interest-free.

Mr. ADAIR. I think that is the point we made earlier in our discussion. We both agreed that Britain was moving in that direction, although she had a very long way to go.

Mr. FINDLEY. Is the RECORD clear that as of today no other nation has extended more favorable credit terms than are proposed in the amendment offered by the gentleman from Texas?

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the chairman of the committee.

Mr. MORGAN. The table sent around by the author of the amendment I believe gives the figures for the United Kingdom. In 1963 they made \$9.1 million of 40-year loans, and in 1964 they made \$7.3 million of 40-year loans.

Mr. FINDLEY. Are those figures for the AID agency?

Mr. MORGAN. No. I am talking about the 40-year loans of Great Britain, of the United Kingdom. They did make 40-year loans starting in 1963, in the small amounts I have just mentioned.

Mr. FINDLEY. Do they still continue this practice?

Mr. MORGAN. This table includes only figures for 1964. There is no figure for 1965.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PURCELL].

The question was taken; and on a division (demanded by Mr. QUIE) there were—ayes 32, noes 62.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PURCELL and Mr. GALLAGHER.

The Committee again divided, and the tellers reported that there were—ayes 84, noes 107.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 2, immediately after line 18, insert the following:

"(b) Section 201(d), which relates to interest rates applicable to development loans, is amended by striking out '2½ per centum per annum commencing not later than ten years following the date on which the funds are initially made available under

the loan, during which ten-year period the rate of interest shall not be lower than 1 per centum per annum, nor higher than the applicable legal rate of interest of the country in which the loan is made' and insert in lieu thereof 'the average annual interest rate on all interest-bearing obligations of the United States having comparable maturities then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of one per centum'."

And redesignate the following subsection accordingly.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, there is nothing complicated about this amendment. It simply provides for the wiping out of the 10-year grace period that presently carries an alleged 1-percent interest rate. Of course, everyone knows that it costs approximately three-quarters of 1 percent to service these loans.

So, Mr. Chairman, there is no interest charge, actually, during the first 10 years. I say again that my amendment would repeal the 10-year grace period, and provide that those foreigners who obtain money from this Government through these alleged loans pay the cost to the Federal Government of obtaining the money which today is at the rate of approximately 4½ percent.

Mr. Chairman, by what logic and by what standard of justice and decency do we demand that an American citizen and taxpayer who wants to build a home must pay 6 percent or 7 percent interest, while chiseling foreigners are permitted to obtain the same money at the rate of 2½ percent to be paid only after a grace period of 10 years?

Mr. Chairman, can the elderly of this country—beyond the prime of earning capacity, but who need housing, obtain interest-free financing for 10 years and then only 2½ percent for the remaining 30 years? The answer is self-evident, and it takes an inordinate amount of gall for the foreign "do-gooders" to deliberately create such an injustice and inequity.

Mr. Chairman, a short time ago the "foreign aiders," operating out of Foggy Bottom, made a 40-year loan to Turkey, with a 10-year grace period, and at 2½ percent interest for the remaining 30 years. That \$3.6 million loan is for the purpose of providing 1,400 jeeps to haul family planners around Turkey.

Incidentally, Mr. Chairman, if it requires 1,400 jeeps to haul foreign aid family planners over Turkey, what will it take in terms of jeeps and planners when it is decided to "family plan" in India, for instance?

But, Mr. Chairman, back to Turkey—what is the collateral for this loan of \$3.6 million on the terms that I have just stated? It will take a jeep, built on the lines of a Rolls Royce, to last for 40 years, or any part of 40 years, and everyone in this Chamber knows it.

The fact is that there is no collateral for this 40-year loan, and the members of this committee know it.

Mr. Chairman, this is the time and place to stop this financial double dealing. No Member of Congress can face his constituents, and with a straight

face explain why there is one standard of financing for them and another for foreigners.

And, incidentally, Mr. Chairman, those of the committee who believe they are doing so well with this foreign loan program might take time to look at the March 1966 report from the General Accounting Office, which shows that some sizable cracks are beginning to show up irrespective of the softness of it.

As of June 30, 1964, according to the General Accounting Office, "AID loans show that the net aggregate exchange rate loss incurred by the loan program, after AID was established in 1961, amounted to the dollar equivalent of \$351.2 million."

This report by the General Accounting Office goes on to state that loans already are being converted to grants. In other words, it has been found that these foreigners cannot or will not pay out on them, and this Government has converted them to grants, which means, of course, a gift.

Mr. Chairman, I urge the adoption of the amendment.

Mr. BERRY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. BERRY. Does the gentleman think that the interest, regardless of what the rate is, is going to be repaid? Or does the gentleman think that any of these loans, whether they are for 25 years or 40 years, are going to be repaid?

Mr. GROSS. Of course these so-called loans will never be paid, but the point is, as the gentleman from South Dakota is well aware, that this program is going to be continued. What I hope to do is to make foreigners do what our American citizens and taxpayers have to do, and that is to start paying the going rate of interest when they get Government money.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we have just been up and down the same path on the previous amendment, except that this amendment goes a little beyond the point that the last amendment went as to the restriction of loan terms and the hardening of loan terms.

The main question—the key question again is whether or not we want to assist people. If we do not want to assist these developing countries, then we should vote for the amendment offered by the gentleman from Iowa [Mr. Gross]. On the other hand, if we do want to assist them, then of course we should oppose it.

The fact of the matter is we are getting out of the grant business and into loans. We cannot immediately get into loans as bankable as we would like to see them. Nevertheless, these are hard-dollar, repayable loans. The British terms are less than what the gentleman asks. The British are now giving interest-free loans with a 7-year grace period, and the repayment in 30 years.

Canada is giving loans at three-fourths of 1 percent, with a 10-year grace period and repayment in 50 years.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield.

Mr. GROSS. I believe the chairman of the Committee on Foreign Affairs indicated a few moments ago that the British have put out a grand total of about \$16 million on the terms that the gentleman is talking about—\$16 million.

Mr. GALLAGHER. Whatever the terms are, the fact is that we have come a long way, and we are now converting from the grant business to hard-dollar loans. That is what this program is about. If you want to get back to the grant business, then we should adopt your amendment.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. FASCELL. Is it not true also if this amendment is adopted the net effect of it would be to increase the cost to the taxpayer because, as the gentleman from New Jersey pointed out, we have changed from the grant program to a loan program, and at least we get some interest that is repayable in American dollars, and the loans are tied to procurement in the United States.

If we should go back to the grant business we will have wiped out the repayment of any interest which we received on loans to date, which is \$555,500,000. So if we adopt the amendment offered by the gentleman from Iowa we will in effect say that what we want to do is to pass on to the American taxpayers the amount of interest that has been repaid under the loan program.

Mr. GALLAGHER. The gentleman has made a very profound point, and that is something that we should keep in mind in voting on this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to my distinguished chairman.

Mr. MORGAN. Of course, if the amendment is adopted, we will be moving back to the grant business again. If we make grants we will have no chance of getting any of this money back because, if a nation could pay normal interest rates it would go to the World Bank or to the commercial banks to borrow. We would not need a development loan program if we accept the philosophy of the gentleman's amendment. We would be back in the grant business again.

We have been moving away from the grant business since 1957. We are making progress. These loans are being repaid as they come due. If we are going to stay in this foreign aid business and be successful in our efforts we must have a development loan program which provides for a grace period and a low rate of interest.

Mr. GALLAGHER. I agree with my distinguished chairman. If we want to get back in the grant business, then we should vote for this amendment, and if not, we should defeat it.

Mr. Chairman, I urge that this amendment be defeated.

The CHAIRMAN. The question is on

the amendment offered by the gentleman from Iowa [Mr. Gross].

The amendment was rejected.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 2, beginning in line 23, strike out "\$1,000,000,000 for each of the fiscal years 1967 through 1971" and insert in lieu thereof the following: "\$750,000,000 for each of the fiscal years 1967 through 1969".

On page 3, line 3, strike out "June 30, 1971" and insert in lieu thereof "June 30, 1969".

The CHAIRMAN. The gentleman from Indiana is recognized for 5 minutes.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this amendment is simple and clear. It would reduce the authorization period of the Development Loan Fund from 5 to 3 years. It would reduce the annual authorization for each of the 3 fiscal years from \$1 billion to \$750 million. If the amendment is adopted, it would have the limiting effect of reducing the authorization by \$2,750 million.

Mr. Chairman, it is again worthwhile to look at the pipeline for the development loan program. This year it is estimated to be at almost the same figure that it was a year ago; that is, \$1,900 million. There is that much money unexpended in the development loan pipeline at this time.

When this bill was first presented to the Committee on Foreign Affairs, the request for development loan authorization for each of the 5 years was \$1,250 million. The committee reduced that amount by \$250 million each year to an even \$1 billion.

Let us compare that figure with the appropriation request. The appropriation request for this year is, in round figures, \$665 million. If my amendment is adopted there is still a margin of \$85 million between the authorization ceiling and the appropriation request. Look at it another way. What was appropriated last year for this item? Speaking again in round numbers, \$618 million. Let us take still another perspective. What has the committee in the other body done with respect to this item? It has recommended an authorization ceiling of about \$620 million. If my amendment is adopted, we will still be approximately \$130 million above the authorization ceiling presently imposed by the other body.

In addition, the other body has put a 1-year limitation on development loans. So in all respect, Mr. Chairman, my amendment would be far more liberal than that recommended by the other side of the Capitol.

Finally, it ought to be pointed out, because Members are concerned about this, that there is no money for Vietnam in this section of the bill. It cannot be said, if you vote for this reduction, you are in anywise affecting our program in Vietnam. The money for Vietnam is in the section on supporting assistance. So

you can support this amendment reducing the development loan program, knowing that there are almost \$2 billion in the pipeline, knowing that we have acted more generously than the other body, and knowing that we have provided more money than was appropriated and used last year. In short, you can effect an economy; you can continue closer congressional control without in any way impairing the program.

If this 5-year program continues, what we are doing in effect in removing from the next two Congresses any real policy consideration with respect to development loans. Certainly there will still be the matter of annual appropriations of dollars, but the policy will be fixed for the next 5 years.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Florida.

Mr. FASCELL. As I understand the proposal of the gentleman, it reduces this program to 3 years. The present 5-year period has just expired, and the bill would authorize it for 5 years, and the gentleman would reduce it to 3?

Mr. ADAIR. That is correct.

Mr. FASCELL. The committee reduced the amounts requested by—

Mr. ADAIR. By \$250 million for each year.

Mr. FASCELL. The gentleman's amendment would reduce it to what amount and by how much?

Mr. ADAIR. To \$750 million—a reduction of \$250 million each year.

Mr. FASCELL. Did the gentleman offer this amendment in committee?

Mr. ADAIR. I spoke about the amendment and said that it would probably be offered on the floor.

Mr. FASCELL. I thank the gentleman.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. The gentlemen's amendment would shorten the time period covered by the Development Loan Fund authorization in the bill by 2 years and cut the amount by \$250 million each year.

The original Executive request was for a 5-year program with \$1,250 million for the 5 years. In an amendment offered by the gentleman from Massachusetts [Mr. MORSE] within the committee, the 5-year period was retained and the amount agreed to was reduced from the requested \$1,250 million to \$1 billion for the 5 years.

Those of us who believe in the Development Loan Fund believe this is a necessary amount that should remain in the authorization bill.

The Executive has a very good record of holding down the requests for development loans. Those of us who were around here in 1961, when this House adopted the 5-year authorization for the Development Loan Fund, know we have operated with an authorization of \$1,500 million over a 5-year period. The Executive at no time from 1961 until the 5 years expired on June 30 of this year has requested the full amount of the authorization of \$1,500 million for the Development Loan Fund.

In 1966, the last year of the Development Loan Fund, as the gentleman from Indiana stated, even though there was an authorization of \$1,500 million in the 1961 act, the Executive requested only \$618,225,000. This year, even though they are requesting an authorization of \$1 billion, they are only making an appropriation request of \$665 million.

So this is a just a paper cut. This is not going to save one single dollar. This authorizes more than the Executive wants for fiscal 1967. Those of us who have worked with this bill since the Development Loan Fund began in 1961 know that the authorization request for the Development Loan money has always been greater than the appropriation request. These figures ought to be flexible. There are only 10 countries now scheduled to share in this program. The executive came in with a request for an appropriation of \$665 million and programmed this amount of money. The executive has in the past been strict in holding down the authorization.

I believe the amendment is nothing but a paper cut and ask for a defeat of the amendment.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Chairman, it seems to me that the statements made by the gentleman support in part the position I have taken. I see no reason why we should authorize, particularly for a number of years ahead, so large an amount as the gentleman from Pennsylvania has just pointed out, when the appropriation requests are invariably much smaller. It seems to me that that is not a responsible way to legislate. I tried to make that point.

Mr. MORGAN. If that is not responsible, then this House has not been responsible since 1957.

Mr. ADAIR. Some of us have tried to make that point since 1957.

Mr. MORGAN. We have always had a higher authorization than the appropriation requested by the executive branch, so, according to the gentleman, this House has not been responsible since 1957.

Mr. ADAIR. Would not the gentleman admit if my amendment is adopted it would still leave a margin of \$85 million between the request for appropriations and the ceiling to be imposed by the amendment?

Mr. MORGAN. The gentleman's amendment exceeds the amount which the Executive has put in the appropriation request, and therefore allows some flexibility.

The damage, done by the gentleman's amendment is that it would reduce the loan program from a 5-year request to a 3-year request. This would impair the long-range principle of the development loan program.

I have confidence that the Executive will hold down the requests, because for 5 years the Executive has never come in for the full amount previously authorized.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 35, noes 63.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. QUIE

Mr. QUIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIE: On page 2, immediately after line 12, insert the following:

"(a) Strike out the first sentence of Section 201(b), which relates to general authority, and insert in lieu thereof the following:

"(b) The President is authorized to make loans payable as to principal and interest in United States dollars upon such terms and conditions as the President may determine except that the length of such loans shall not exceed 25 years nor shall the grace period of such loans exceed five years for other than capital developments. Such loans shall be utilized to promote economic development of less developed, friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities."

And redesignate the following subsections accordingly.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, Members will recognize that this amendment is very similar to the one which was offered by the gentleman from Texas [Mr. PURCELL]. If Members have copies of that amendment before them, it would be changed to the extent that at the end of the first sentence it would strike the period and add the words "for other than capital developments."

What this amendment would do is permit authority to remain for loans to be made up to 40 years for capital developments but, for consumer goods, like the food available under Public Law 480, to limit it to 25-year loans and 5-year grace period. There is a tremendous amount of aid, as the chairman of the committee indicated, under Public Law 480. Public Law 480 is about equal with this program. There is just no sense in providing 40-year loans for food.

One of the examples used in the Committee on Agriculture why the Public Law 480 loans should be the same as AID was that under AID you could make 40-year loans for fertilizer, which is a consumable commodity. If my amendment is adopted, it would mean that you could make the loan for a fertilizer plant in another country for 40 years but not for fertilizer, which they buy from the United States. I can see that there are reasons for long-term loans for a fertilizer plant or a bauxite plant or for highways or waterworks in some countries, because no matter what the government would be, the project is durable and would still be there for the next government and the people to use. However, when it comes to loans for countries to buy food, then I think we do need a limitation of this nature. To me this is very reasonable. We need this kind of a guideline. We could not make this kind of an amendment to the Public Law 480 bill. We wanted some uniformity between the consumable items that could be procured under Public Law 480 and the consumable items that could be pro-

cured under this program. Therefore, I believe that this would be the type of language which would give a direction that this House would want to give to the administration that they make their loans differently between the capital development and the kind of loans for which they would buy food or fertilizer or some item that would be immediately consumed and have really nothing to show for it in the years ahead.

However, if it is some kind of development where there is capital available for them for years beyond the length of the loan or for a good long period of time during the loan, then this would be permitted for a full 40 years as the bill now provides.

Mr. Chairman, that is a brief explanation of my amendment, and I believe you can all understand it. Therefore, I ask you to support this amendment in order to make this program and Public Law 480 operate in a way that we could feel is a responsible fashion.

Mr. FASCELL. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, if I have had any complaint from my businessmen who deal with foreign governments or foreign businesses, it is the fact that they find it is extremely difficult to compete on the market in providing competitive terms and interest rates. I cannot see where it makes sense to put our businessmen in a noncompetitive position with foreign businessmen. I just do not understand that kind of logic.

Therefore, I think, if I understand this amendment correctly, it would do two things: It would make one policy for capital goods and one policy for consumable items and, in a sense and in a very real sense, it would make it very difficult for our businessmen to be competitive in sales of consumable and agricultural goods in the world market.

So, Mr. Chairman, I think that this amendment ought to be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. QUIE].

The question was taken; and on a division (demanded by Mr. QUIE) there were—ayes 34, noes 48.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Title II—Technical cooperation and development grants

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Section 211, which relates to general authority, is amended by adding at the end thereof the following new subsection:

"(d) Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries."

(b) Section 212, which relates to authorization, is amended by striking out all after "President for" and inserting in lieu thereof

"each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed \$231,310,000. Amounts appropriated under this section are authorized to remain available until expended."

(c) Section 214, which relates to American schools and hospitals abroad, is amended as follows:

(1) In subsection (b), strike out "to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research" and insert in lieu thereof "to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens".

(2) In subsection (c), strike out all after "this section, for" and insert in lieu thereof "each of the fiscal years 1967 and 1968 not to exceed \$10,989,000. Amounts appropriated under this subsection are authorized to remain available until expended."

(3) At the end thereof, add the following new subsection:

"(d) There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States."

Mr. GROSS (during reading of the title). Mr. Chairman, I ask unanimous consent that this title be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. Are there any amendments to this title?

Mr. MORGAN. Mr. Chairman, we have no amendments.

Mr. BOW. Mr. Chairman, my attention has been called to an application for assistance filed by the Ludhiana Christian Medical College in India. The sum of \$450,000 is needed for the construction of an additional 72-bed wing at this college for the treatment of patients.

Bishop J. Waskom Pickett, counselor for the college here in the United States, and the Reverend Charles Reynolds were in Washington recently to discuss the project with AID officials and I am informed that AID is very favorably inclined, having conducted an inspection of the facility. However, it was also reported that all of the funds anticipated for the next fiscal year already have been assigned to other projects.

I would like to urge AID to reconsider this application carefully and to make every effort to fund this project. This is an excellent way to make use of foreign currencies and we can make no better contribution to international understanding than by the expansion of American health and educational facilities serving the people of other lands.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Title III—Investment guaranties

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$8,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1970".

(b) Section 221(c), which relates to limitations on investment guaranties, is amended by striking out "twenty years" and inserting in lieu thereof "thirty years".

(c) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing guaranteed under section 221(b) (2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department."

(d) Section 224, which relates to housing projects in Latin American countries, is amended as follows:

(1) In subsection (b) (1), strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(2) In subsection (c), strike out "\$400,000,000" and insert in lieu thereof "\$500,000,000: Provided, That \$350,000,000 be used for the purposes of section 224(b) (1)".

(3) In the last proviso of subsection (c), strike out "1967" and insert in lieu thereof "1970".

Mr. FASCELL (during the reading of title III). Mr. Chairman, I ask unanimous consent that this title be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FASCELL. Mr. Chairman, I move to strike the last word.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I do this to take this opportunity to ask the distinguished chairman of the Committee on Foreign Affairs a question with respect to investment guaranties.

I understand from testimony on page 516, or 616, of the hearings—I am not sure—that the Export-Import Bank is endeavoring to compel U.S. investors in less-developed countries either to assign that portion of the aid investment guarantee giving coverage for retained earnings and the like over to the Export-Import Bank, or to prohibit them from securing special coverage.

Mr. Chairman, this type of protection is specifically provided for under our act.

What is the chairman's view with respect to the actions of the Bank, as alleged?

Mr. MORGAN. Mr. Chairman, I think that the legislative history of the Investment Guaranty program is clear, that the program is intended to encourage U.S. investors and not for the benefit of the Export-Import Bank or any other Government agency.

Mr. Chairman, if we encourage investors to go to the less-developed countries through the Investment Guaranty program, then I do not think that any agency of the U.S. Government should either try to benefit itself from that program or to prohibit U.S. investors from participating to the full extent in that program.

Mr. Chairman, the Export-Import Bank makes its loans to foreign corporations or groups. The AID guaranty program is for the U.S. investor.

Mr. Chairman, I would have thought that this would have been crystal-clear to the Export-Import Bank.

Mr. FASCELL. Mr. Chairman, I thank the distinguished chairman of the Committee on Foreign Affairs for that very clear explanation, and I believe it is a very important one, Mr. Chairman, because one of the most successful programs we have had has been the Investment Guaranty program.

Mr. Chairman, I believe it would be unfortunate if in another program, which is also very good, the investment guaranty under AID would be sought as a collateral or means of collateral to insure, either directly or indirectly, transactions involving the Export-Import Bank. If there are some additional needs for collateral or security, or for other measures on the part of that institution, I believe they should be developed independently by the bank or through the medium of additional legislation.

I think it would be unfortunate to mix up these two programs by having the investment guarantees issued under aid as security under another program.

Mr. Chairman, section 224 of the Foreign Assistance Act provides the authority for the guaranty of investments by U.S. citizens in pilot or demonstration housing projects in Latin America. I supported this legislation in the original Foreign Assistance Act of 1961. It was evident to me then that one of the major problems in Latin America which was causing social unrest was the lack of housing. I felt that one way to help provide the greatest impact on this housing deficiency was through American technological know-how and financial support. The authority provided by section 224 made possible the demonstration by American homebuilders and financial institutions, proven U.S. techniques for building, financing, and marketing privately developed housing.

As a member of the Committee on Foreign Affairs, I have pushed for the continuation of this authority. Over the last several years, I have offered and had accepted in committee important amendments which have facilitated the operation of the housing program and made it a more attractive source for the supply of homes in many Latin American countries today.

In the Foreign Assistance Act of 1962, I sponsored the amendment in commit-

tee that raised from 75 percent to 100 percent the amount of the loan investment that could be guaranteed under this program. This was necessary at that time because the program was hampered by the inability to obtain long-term investment funds with only a 75-percent guaranty, when the FHA, in this country, could offer a 100-percent guaranty.

In 1962, 1963, and 1964, successively, I cosponsored and supported amendments which raised the total face amount of the guarantees available to build housing projects from \$10 million to \$250 million. These increased amounts were essential in keeping the program moving ahead as more and more American firms became aware of the guaranty availability and the importance of the program to the Alliance for Progress increased.

In 1965, I sponsored in committee the amendment that retrained in the law the authority to continue guarantees for pilot and demonstration housing projects. At that time, the Agency for International Development did not propose to continue support for projects of this sort beyond the \$250 million which was then provided for in the act. It was my feeling, however, and the majority of the committee agreed, that housing projects of this nature make a substantial contribution to economic development and have immediate impact upon social conditions by alleviating housing shortages. Also, I actively worked for and supported the amendment in 1965 that increased the authorized amount for guarantees from \$250 million to \$400 million.

During the committee markup of the Foreign Assistance Act for this year, I proposed and the committee accepted an additional amendment to the Latin American housing section which will further facilitate the use of this authority. The amendment prescribed a minimum rate of interest that the Administrator of AID could allow eligible U.S. investors to earn on loan investment for housing not only in Latin America but worldwide as well. The housing guarantee program was being adversely affected by the low interest yield rate of 5½ percent fixed by the Treasury Department for investments in these overseas housing projects. The Department had fixed a rate of 5½ percent which unfortunately not only was below the current money market but below the FHA rate which currently is 5¾ percent. This made it extremely difficult to obtain commitments of funds from investors for overseas housing projects when a higher yield was available domestically. It therefore represented a major handicap to the housing guarantee program.

Under my amendment the Administrator was required to allow a rate of interest for investments of not less than one-half of 1 percent above the current FHA rate. This increased yield will make investments in these housing projects more attractive and enhance further the program's success. The amendment also permits the Administrator, if he finds it necessary in order to obtain adequate financing, to allow an interest return rate up to 1 percent above current FHA rates.

I also supported in committee an amendment which increased from \$400 million to \$500 million the amount authorized for the overall Latin American housing program including these pilot and demonstration housing projects. Further, I offered in committee the amendment that earmarked \$350 million of the \$500 million authorized to be used solely for these pilot and demonstration private housing projects. I wanted to be assured that the guaranty program would continue to support private housing projects which were so successfully demonstrating U.S. techniques of building, financing and marketing. The success of the program was unquestionable. Nearly \$250 million of the total amount that had been provided was already being used to construct houses or was in process of development. Through February of this year, 14 housing projects had been completed or were under construction. They involved a total investment of \$82.2 million and covered the construction of 16,000 dwelling units. Another 36 projects involving \$157.2 million in investments and 28,000 dwelling units had been authorized and final plans were in process of development.

In conclusion, Mr. Chairman, the Latin American housing program is additional evidence of the immense contribution that private American know-how and investment can make toward national progress in these countries. I fully support the program and urge its continued support by the Congress.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New York.

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, I should like to say a word about the Latin American housing program.

I have supported this program from its inception. I believe that this undertaking, particularly the private pilot projects, has served a dual purpose. On the one hand it has helped to alleviate at least in some small measure the critical housing shortage in Latin America. On the other hand it has also demonstrated how through the use of private enterprise and individual initiative this great problem can be ultimately advanced toward solution.

Last year the administration requested an increase of \$100 million in the ceiling on the amount of guaranties that may be outstanding for Latin American housing. At the same time, however, the administration proposed to terminate the self-liquidating pilot or demonstration housing program which had been such a success in the past.

The Committee on Foreign Affairs did not go along with the later proposal. Instead the committee adopted an amendment by the gentleman from Florida [Mr. FASCELL] and myself which reinstated the pilot housing program and increased the amount of guaranties available for this purpose by \$50 million.

During the hearings this year, the administration again expressed its desire not to continue the pilot housing pro-

gram in Latin America and to use the available funds for other, but related, undertakings.

Again, the Committee on Foreign Affairs rejected this approach. In strong language the committee expressed its belief that this endeavor is one of the most successful ones in the Alliance for Progress. And we went a step further by increasing to \$350 million the total amount of guaranties that may be used solely for pilot or demonstration private housing projects of types similar to those insured by the Department of Housing and Urban Development.

Mr. Chairman, I want to reiterate my strong support for this program. It is a tool for demonstrating U.S. techniques for the building, financing, and marketing of privately developed housing. It is a program which has demonstrated its merits. I trust that the executive branch, spurred by these repeated expression of congressional intent, will apply itself to the administration of this program with the energy and the resources which it deserves.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Title VI—Alliance for Progress

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251(b), which relates to general authority, is amended by inserting immediately after the third sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 through 1971".

(3) In the last sentence, strike out "June 30, 1965 and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1971".

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 7, line 16, strike out "\$850,000,000" and insert in lieu thereof the following: "750,000,000."

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, this is a practical, constructive amendment. It merely seeks to save \$100 million from the expenditures of this act, and it is aimed at the Alliance for Progress where we have been more than generous over the years.

I would like to point out to the Members that we had fond hopes—I should not say that we had fond hopes—but the proponents of the Alliance for Progress program had fond hopes 5 years ago

when this program was developed with great fanfare, that one of the products that would be immediately visible from our new investments in Latin America would be stability in Latin American governments. Yet less than a month ago Argentina, supposedly one of the three great powers of Latin America, went through another upheaval in government despite all the funds that have been poured in under this program.

I believe, Mr. Chairman, this is a very judicious, very mild and a very constructive amendment. I do not believe it would endanger the program. I think it would impose necessary restraint on the administrator of the program. I think that at least at some point this afternoon we ought to give the taxpayers of America some relief, and I think a \$100 million cut in the authorization for the Alliance for Progress is the place to start.

I suspect that there might be some opposition to my amendment. I am not so optimistic as to think it will be accepted quickly. I did have the good fortune in committee to have a number of amendments accepted by the chairman and the majority, and this, of course, inspired me to try to develop other constructive amendments, one of which is this amendment that I offer at the present time.

But I think a \$100 million is small. I think it at the same time shows a constructive effort on the part of the House to put a minimum of restraint on the spending under this program. I think as long as we are not going to touch the 5-year phase, which is so sacred to many of the Members, that this amendment has great merit, and I am hopeful that it will receive substantial support, more so, perhaps, than the other amendments which have been turned down this afternoon.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment. I know that the distinguished gentleman, who is a member of the committee, attempts to be constructive. I think he has pushed his batting average a little bit too far. I do not recall that he offered this amendment in committee. Of course, he has a right to offer it on the floor of the House for Members to consider. But I must agree with him that it is probably asking a little bit too much that he could get it accepted here without opposition, because notwithstanding the sincerity of his attempt, all he would do would be to gut the Alliance for Progress. That can hardly be called constructive.

At the same time the amendment is most unfortunate in its interpretation also because, notwithstanding the fact that the Alliance for Progress has been and is understood to be, a long-term program. It has moved along surprisingly well. Governments in Latin America are taking actions which we thought just a few years ago were not even possible—for example tax reforms and land reforms—among others.

But in the middle of this program, when we are beginning to see some daylight and when we are gaining some momentum, and when we are attempting, from both an administrative standpoint

and from a legislative standpoint, to find what amounts to clear commitment to a program that would be extended, we would find it suddenly substantially cut without reason or explanation. That does not seem to me to be logical, particularly when it would have the interpretation placed upon it which it would have within our own Western Hemisphere.

Notwithstanding the trouble we have all over the world, I think all of us here are very cognizant to the fact that tremendous strides have been made in made in Latin America in recent years. This is no time to be taking any kind of a step backward in the question of funding those programs which are giving these people some encouragement to do for themselves what needs to be done. I think it is very, very important that the Alliance for Progress continue to be authorized at the funding level which has been set forth by the administration in view of the progress that has been shown.

U.S. policy in the Western Hemisphere has been truly bipartisan almost since the founding of the Republic. This spirit was reflected most recently when the leadership on both sides of the aisle joined with the President on his visit to Mexico.

In recent years we have forged ahead in promoting and strengthening relationships in the hemisphere. In the spirit of foreign policy bipartisanship it is only proper that we should note the contribution to our present hemispheric policy by President Eisenhower, his brother, Milton Eisenhower, Douglas Dillon, the former Secretary of the Treasury, and Robert Anderson, also a former Secretary of the Treasury. The first three made significant contributions to building the policy now known as the Alliance for Progress. Robert Anderson is leading the negotiations with Panama.

With the help of the Alliance for Progress, Latin American overall economic growth is now going forward at a healthy rate—about 6 percent annually. And even if one discounts the population growth rate, the per capita growth rate is still over 2.5 percent. While we would all like to see more, this is hardly stagnation.

Latin American exports are growing at the rate of 3 percent per year and imports at the rate of 3.5 percent.

U.S. financial assistance to Latin America is now running at the rate of over \$1 billion annually. In Latin America the annual volume of national savings has increased by \$1.5 billion.

In the words of the Inter-American Committee for the Alliance for Progress—CIAP:

The basic factors of Latin American economic development during the last 2 years and the prospects for the coming year are encouraging.

On the social side, this committee noted with satisfaction the widespread effort going forward to create institutions which finance social projects and private external assistance of at least \$160 million devoted almost entirely to social programs. Nevertheless, the committee added that the solution to social problems in Latin America—as indeed it does in the United States—depends funda-

mentally on the adoption of suitable tax and tax collection policies.

The committee's points on expanded educational efforts and cultural exchanges are exactly in line with the administration's policies and action.

The record shows that one of the most significant overall results in Latin America over the past 18 months from the Alliance for Progress has been the strengthening of democracy. For in this year and a half there has not been a single case in which a democratically elected government has departed from office by other than constitutional means. Eleven countries have held elections at the local or national level during the period and the results have been respected, even where opposition candidates have won by narrow margins. Four of these elections occurred within the last 2 months and three others are scheduled in the next several months. In the Dominican Republic, where a few months ago some were saying an election was impossible, the free elections were held on June 1, 1966, and prospects for continued expansion of democratic institutions will proceed.

U.S. policy is in strong support for private enterprise, and realistic in its awareness of communism.

As pointed out by David Rockefeller, in an excellent article appearing in the April 1966 issue of *Foreign Affairs*, recent performance on the private enterprise side has been relatively good. He notes that private foreign direct investment is increasing. If reinvested earnings of U.S. companies are counted together with direct investment flows from the United States, the target of \$300 million annually for such investment set in 1961 has been exceeded. Capital flight from Latin America is not now a serious problem.

The issue of communism has to be placed in its proper perspective. Certainly it is a problem. As the President pointed out in his speech in Mexico City on April 15:

We believe the struggle for social justice and more efficient and equitable use of natural resources must be led by each country in its own behalf. My administration will not be deterred by those who tenaciously or selfishly cling to special privileges from the past. We will not be deterred by those who say that to risk change is to risk communism.

We do not wish to see communism spread in this hemisphere, but we believe that the threat to the liberty and independence of the Latin American peoples from communism cannot be met merely by force. We will continue to concentrate our assistance mainly in economic and social fields and to encourage our Latin American neighbors, where possible, to limit their outlays for military purposes. We are encouraged that democracy flourishes in countries such as Mexico where expenditures for education and development are high.

We do not underestimate for a moment the significance of the Tri-Continental Conference that was held in Havana in January 1966. Cuba, the Soviet Union and Communist China clearly put the world on notice that Latin America is a prime target for subversive aggression. Democratic Latin America responded immediately and with vigor. The threat posed by the Tri-Continental

Conference was immediately discussed within the Organization of American States and the American Republics put Communist countries on notice that they would not tolerate Communist subversion in this hemisphere. The Latin American Republics also discussed the issue in the United Nations. In a letter to the Secretary General they brought out sharply the inconsistency between the pious approval by the Soviet Union and Cuba of a resolution on nonintervention and the openly interventionist activities of the Soviet and Cuba representatives at the Tri-Continental Conference. In sum, none of the free countries in this hemisphere have ignored the threat which the Tri-Continental Conference posed to freedom. At the same time, none of them intend to be deterred by this threat from the equally important work of the hemisphere which is economic and social progress.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Iowa is recognized for 5 minutes.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I wonder if the gentleman from Illinois [Mr. DERWINSKI], would not agree with me that if we cut 15 cents out of this bill the proponents would say we were gutting it. I have heard that expression used time after time in this debate and, of course, time after time in previous years. It seems if we take anything at all out of this bill, it is being gutted. Does the gentleman agree with that statement?

Mr. DERWINSKI. I agree with the gentleman from Iowa. May I make one observation? The gentleman from Iowa and I have listened while the gentleman from Florida delivered a scorching attack on this amendment. We have heard the argument that the Alliance for Progress has supposedly brought countries in Latin America into the 20th century. If we would study history we would find that, in proportion, there were fewer revolutions in Latin America prior to the social unrest generated by the Alliance for Progress program than there have been since. Where is the progress from the spending?

Mr. GROSS. I seem to recall that everything was supposed to be lovely and the goose was hanging high down in Argentina. We have turned loose substantial Alliance for Progress and other giveaway funds in Argentina. But the other day, out of thin air—at least the State Department had no prior knowledge of it—there was another military takeover in Argentina.

The gentleman from Florida [Mr. FASCELL] talks about this hemisphere and the need to keep out communism. Why, bless his heart and soul, we had a Communist government planted in the Western Hemisphere for the first time under the Democrats.

The Alliance for Progress has not stopped communism in the Western Hemisphere. We got it here after the Alliance for Progress was put in motion.

I would think somewhere along the line the gentlemen who are the propo-

nents and sponsors of this giveaway program would begin to have some regard for the taxpayers of this country and the burdens that they are going to have to carry, and the burdens upon their children. I would think that some day that would give them a little pause.

This bill started out at \$3.4 billion for 1 year. It is now a 2-year program providing \$4.1 billion in the first year, and \$4.2 billion in the second year. Those are the approximate figures. This is not even the bill that the administration asked for originally. We moved in—not “we,” but you moved in and added hundreds of millions of dollars to it.

In all conscience I ask when are we going to give the taxpayers of this country a break?

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, we are going to give them a break right now, because we are setting up a program which is independent, which meets the requirements of the administration's request in a great measure, but which is not a rubber stamp. I think the gentleman should be pleased on that point.

Since the gentleman used my name, I may say I did not talk about communism. I talked about freedom in the Western Hemisphere.

Mr. GROSS. Can there be communism and freedom at one and the same time?

Mr. FASCELL. I would not want to quibble with the gentleman on semantics. The Alliance for Progress came about after that to prevent any more Cuba's, and we have not had any more Communist invasion since that time.

Mr. GROSS. Who engineered the fiasco of the invasion of Cuba? Who was around at that time? Communism could have been stopped in its tracks at that time in the Western Hemisphere and stopped in its ability to spawn communism all over the rest of the Western Hemisphere. What happened on that fateful day in April 1961?

Mr. FASCELL. First of all, we did not have any Alliance for Progress. Secondly, we had to have a bad situation in order to have a fiasco.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The question was taken: and on a division (demanded by Mr. DERWINSKI) there were—ayes 36, noes 42.

Mr. DERWINSKI. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. DERWINSKI and Mr. GALLAGHER.

The Committee again divided, and the tellers reported that there were—ayes 49, noes 86.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Title VIII—Southeast Asia multilateral and regional programs

SEC. 106. Chapter 2 of part I the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new titles:

"TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

"SEC. 271. GENERAL PROVISIONS.—The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.

"SEC. 272. SPECIAL PROVISIONS.—In providing assistance to further the purposes of this title the President shall take into account—

"(1) initiatives in the field of social and economic development by Asian peoples and institutions;

"(2) regional economic cooperation and integration in southeast Asia;

"(3) the extent of participation by other potential donor countries;

"(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

"(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

"SEC. 273. AUTHORIZATION.—The President is authorized to utilize funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

"TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

"Sec. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions."

Mr. MORGAN (interrupting the reading). Mr. Chairman, I ask unanimous consent that this title be considered as read, printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. Mr. Chairman, reserving the right to object, would that be over to line 18, page 9?

Mr. MORGAN. I think it would be over to page 10, line 2.

The CHAIRMAN. In the opinion of the Chair, that takes us to page 10, line 2.

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 8, beginning in line 17, strike out "employing both multilateral and bilateral channels of assistance".

Page 9, line 8, strike out "multilateral institutions or other".

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, the purpose of this amendment is to change the language of the new title VIII, sections

271 and 272, to eliminate any authority granted to the President to channel bilateral aid funds through multilateral agencies.

We had testimony before the Committee on Foreign Affairs that such channeling had a serious adverse effect upon the balance of payments because it did not retain the restrictions placed in this act to protect the U.S. balance-of-payments position.

Second, Mr. Chairman, if this provision remains in the law, it negates section 620(e)(1), which protects U.S. foreign investment by providing for the cessation of U.S. bilateral aid to countries expropriating U.S. property without making prompt and full value compensation.

Third, if this remains in, there will be no effect to congressional policy directives regarding foreign aid contained in section 620(e) through 620(m), which include restrictions on aid to Cuba among other things.

Another objection to this language remaining in the bill would be that it would negate the congressional directives in sections 202 and 252 requiring the use of not less than 50 percent of development loan funds for economic development through private enterprise.

Another objection if this language remains is that the regular authorization and appropriation procedure for our U.S. contributions to multilateral financial institutions which provide the important opportunity for congressional review and public discussion would be nonexistent.

Lastly, the policy of minimum interest rates on development loan and cargo preference requirements on AID-financed ships would no longer be effective.

Now, Mr. Chairman, there is a provision in existing law, in section 205, as follows:

The President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institution.

However, in recent years the Committee on Appropriations has written language into the appropriation bill which removed the effectiveness of that section.

Mr. Chairman, I would hope, based upon last year's Foreign Assistance Appropriation Act, since it contains substantially the same language that has been in the appropriations act for several years, that this amendment would be adopted. That language provides that no part of this appropriation may be used to carry out the provisions of section 205 of the Foreign Assistance Act of 1961, as amended.

Mr. Chairman, the effect of what I have been saying is this: that section 205 of the Foreign Assistance Act says, in effect, that you can use 15 percent of development loans through specified, multilateral agencies, but the Congress

in the appropriation law said this could not be done.

Mr. Chairman, my amendment if adopted would carry on the same policy in the new section of the law.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, one of our prime objectives in the foreign aid bill and in related legislation which we have considered in the past, has been to encourage self-help and to encourage other countries to cooperate with each other on a regional basis.

Mr. Chairman, one of the most dramatic results of our efforts in this regard, occurred in southeast Asia.

Mr. Chairman, if the gentleman's amendment should prevail, it would disrupt some of the most progressive steps that have been taken on the part of the various countries in southeast Asia. It would certainly cause havoc with the Asian Development Bank and the Mekong River Valley project and the southeast Asia highway program.

The very purpose of the proposed title VIII is to further encourage those countries to cooperate with each other and to undertake other multilateral self-help programs.

This title reaffirms the very policy of the United States by promoting progress through cooperative, self-help efforts.

Mr. Chairman, I believe that the amendment of the gentleman from Indiana would cause great damage.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield to my dear friend, the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, will the gentleman agree—and perhaps I did not have the time to develop this as fully as it should have been developed—to the extent that we channel money under this new section VIII through multilateral agencies, we are depriving those funds of many of the safeguards and many of the guidelines that we have laboriously written into this legislation through the years for bilateral assistance?

Mr. ZABLOCKI. As the gentleman knows, there are no funds authorized or requested under this title for this year. However, it is our committee's intent, expressed in the report, that such funds as may be used pursuant to this title, be used subject to the safeguards and basic conditions which are in the law. I can assure the gentleman we will have an opportunity to review the implementation of this title next year and to pursue the issues that the gentleman is concerned about.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Indiana.

Mr. ADAIR. Is not the gentleman then making an argument for a 1-year rather than a 2-year extension of this program if the gentleman says that in another year we will have, and we ought to have, the opportunity to review these deficiencies which I allege exist, because of the

failure of protections which we have written into the law, and if we do not have the bill before us next year we will not have that opportunity?

Mr. ZABLOCKI. As I said, we will have the opportunity to check on this matter further next year. Also, if the President should use development loan funds for the purposes of this title, the committee expects that he will use such funds in accordance with the provisions of title I governing development loans.

I do want to point out, and I am sure that the gentleman will not disagree, that if his amendment prevails, the programs that are now underway, such fine co-operative programs in southeast Asia as the Mekong River Valley project, would be placed in jeopardy.

I wish the gentleman had seen, and I am not sure whether he did or not, the documentary film which showed the kind of cooperation that every country in the area has given to this project, and how they helped each other in order to make the project work.

The gentleman's amendment would defeat this type of cooperative effort. I therefore hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Sec. 107. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Section 301(a), which relates to general authority, is amended by inserting immediately after "by such organizations" the following: ", and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d).",

(b) Section 301(b), which relates to general authority, is amended by striking out "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund" and inserting in lieu thereof "United Nations Development Program" and by adding at the end thereof the following new sentence: "The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime."

(c) Section 301(c), which relates to assistance for Palestine refugees in the Near East, is amended by striking out the last sentence and inserting in lieu thereof the following: "Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving training as a member of the so-called Palestine Liberation Organization."

(d) Section 302, which relates to authorization, is amended to read as follows:

"Sec. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of

this chapter, in addition to funds available under any other Act for such purposes, for each of the fiscal years 1967 and 1968 not to exceed \$140,433,000.

"(b) There is authorized to be appropriated to the President for loans for Indus Basin Development to carry out the purposes of this chapter, in addition to funds available under this or any other Act for such purposes, for use beginning in the fiscal year 1968, \$51,220,000.

"(c) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967. Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

"(d) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower."

Mr. GROSS (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of this title be dispensed with, and that it be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 12, following line 12, insert the following:

"(e) None of the funds provided in this act shall be made available to any international organization, located within the United States, a member of which employs directly or indirectly, or otherwise gives sanctuary to any foreign national who has been determined to have been a spy or espionage agent, or who has sought by other clandestine means to violate the security of the United States Government."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this is one amendment that will not and does not seek to cut the funds, and therefore will not gut the bill.

As a matter of fact, it just might save some money.

I am prompted to offer this amendment by the story which appeared in the paper this morning about the two Czechoslovakian spies who have been discovered in this country. Our Government has asked that one of them be deported, and he probably will be deported, but the other, the prime mover, a Czech by the name of Pisk, is located in the United Nations. He is the individual who originated this espionage effort in the State Department. He is the one who, apparently, first made contact with a State Department employee and exchanged ideas on how to steal the secrets of this Government by planting a listening device in the State Department.

It is incredible that this spy, the originator of this business, should be able to

remain overnight in the United States.

Let me read what a spokesman for the U.S. delegation in the United Nations is quoted in this morning's newspaper as saying:

In New York, U.S. delegates to the U.N. indicated that Pisk would not be expelled from the United States. "Mr. Pisk has done nothing to violate the U.N. headquarters agreement," the sources said. "Therefore, no action is contemplated on him here at this time."

I want to see this spy kicked out of the United States. I want to see some kind of showdown here and now as to whether Congress is going to tolerate the United Nations as a sanctuary for spies in this country. The purpose of my amendment is to see that no international organization gets any funds through the Congress of the United States and from American taxpayers if it provides a sanctuary for any foreign agent who has sought by clandestine means to violate the security of the United States.

Mr. WATSON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from South Carolina.

Mr. WATSON. I certainly wish to join in the sentiments expressed here and to lend my wholehearted support of this amendment. I fail to see how anyone could refuse to support the amendment of the gentleman from Iowa. This is a great and free country, and because of that freedom and the unlimited opportunities and lack of restrictions here, it is very easy for any citizen to engage in espionage. But I think it is unconscionable that this country should help pay the bill of any organization which engages in espionage activities, as this particular Czechoslovakian has done.

(Mr. WATSON asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. WATSON. Mr. Chairman, while I am speaking in favor of this amendment, I would like to take this opportunity to set forth some of my objections to the passage of this entire measure.

First, I fail to see the propriety for the United States to continue to pour millions of dollars into the United Nations and its satellite organizations while we find some of these funds being used directly against our best interests. I am speaking specifically of the \$37.5 million which is 40 percent of the total funds for the operation of the U.N. Special Fund. This fund is being used to help finance the teaching of technology at the University of Havana, and it is unbelievable that American taxpayers should be required to help finance the teaching of Cuban soldiers in advance technology.

Second, I do not believe that we are getting full benefit from the military assistance which has amounted to over \$37 billion since World War II. The \$917 million for military assistance included in this bill does not include at least another billion dollars for paying and supplying the South Vietnamese Army.

What disturbs me, Mr. Chairman, is the fact that of the 55 nations designated for military aid this year, only 1, Korea, has sent troops to Vietnam.

Third, we are grateful to Australia and New Zealand for assisting us in Vietnam, but neither of these countries is listed for military assistance in this bill.

Fourth. I oppose this foreign aid bill because this year we will be virtually abdicating our congressional review through the 2-year authorization proposed. Constantly, the Congress is under pressure to relinquish more and more of its constitutional prerogatives of controlling our Nation's purse strings, and I, for one, am not willing to acquiesce further in this regard. We have a responsibility to the American people to keep some sort of lid on our foreign aid expenditures.

Fifth. The amount included in this bill is greatly excessive and without justification. The President requested, in his words, a "barebones" appropriation for foreign assistance. The facts are that we presently have over \$6.7 billion available from prior years' funds for expenditure in the foreign assistance field. When you couple this amount with the approximately \$5.6 billion being authorized through the various organizations for foreign assistance, we find that the appropriations will be about four times the amount of the so-called barebones request made by the administration.

Sixth. Mr. Chairman, the terms and interest rates on the loans being made under our foreign aid program are totally unrealistic, and, in my judgment, adverse to our best interests in many areas. While we are granting 40-year loans at 2½ percent with a 10-year grace period, we find the Communist countries presently granting loans on a 10- to 12-year term at much higher rates. Actually, Mr. Chairman, some of the loans made by this country are being used by other countries to repay obligations or debts to Communist countries.

Finally, Mr. Chairman, instead of continuing unabatedly this foreign giveaway program, we should limit our foreign assistance to those nations, and only those nations, which have bona fide strategic value to the U.S. interests. We should terminate assistance to those countries aiding the Communists in any manner or form, or to those countries which play one side against the other in accepting handouts from both the United States and the Communist nations. Additionally, the report of the committee shows that we could substantially reduce the personnel complement of the Agency for International Development bureaucracy without adversely affecting its responsibilities.

I believe further, Mr. Chairman, that our economic aid programs should be changed from a line of credit to a real resource basis providing U.S. goods and technical services for specific projects. If this were done, program loans should be phased out as quickly as possible because of the adverse effects this type of aid is having on the U.S. balance of payments.

In my judgment, this foreign assistance bill is just another step toward the great international society, which will be financed by the American taxpayers. After all, we represent them, not the

people of the world, and it is high time that we considered the financial problems of our overburdened taxpayers here at home, instead of trying to buy friends throughout the world.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. I believe the gentleman has a good point. In fact, this particular individual did violate his employment under the United Nations organization, the United Nations Charter. No employee is to act as an agent of any particular country, but must act only on behalf of the United Nations, and this fellow completely broke his agreement and broke the United Nations Charter in that regard. I agree with you.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Florida.

Mr. FASCELL. I did not understand that the individual to whom the gentleman referred was in the employ of the United Nations at the time of the alleged acts. Was he?

Mr. GROSS. He is in the employ of the Czechoslovakian Government's delegation to the United Nations. He is in the United Nations at the present time, if the reports in the newspapers are accurate.

Mr. FASCELL. I know, but in response to the point raised by the gentleman from Pennsylvania, the issue is whether he violated the terms of the agreement with respect to the United Nations.

Mr. GROSS. I am not concerned with whether he violated a United Nations agreement. I am concerned with Congress tolerating and the American taxpayers putting up money for any international organization within the United States to give sanctuary to a spy.

Mr. FASCELL. So am I.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New Jersey is recognized for 5 minutes.

Mr. GALLAGHER. I think there is no one here on either side of the aisle who would want to tolerate spies in the United States. Certainly the State Department does not want to tolerate spies. They are the ones that broke up the operation to which the gentleman has referred.

This is a very simple amendment. All it really does is to prohibit the United States from giving any money to the United Nations. If we want to break up the United Nations, then I say let us vote for this amendment. On the other hand, let those authorities entrusted with the security of the United States pursue, prosecute, and take whatever measures are necessary against spies who operate in this country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, the amendment does not do anything of the kind. If the United Nations—located on the soil of the United States—gets rid of this spy, it gets its money. If it does not, there would be no contribution by the United States. It is just that simple.

Mr. GALLAGHER. Who is to judge who is the spy—you, or the State Department, or our Government?

Mr. GROSS. Who usually determines who is the spy?

Mr. GALLAGHER. The courts do.

Mr. GROSS. The courts could not prosecute this individual because of diplomatic immunity.

Mr. GALLAGHER. They still have that prerogative. We are still pursuing them. The FBI is still tracking them down.

Mr. GROSS. We cannot get this individual out of the country.

Mr. GALLAGHER. That is not true. We have had over 700 of this type of people deported, who were operating through the United Nations or in the embassies.

I agree with the gentleman. The problem is that I do not believe this is the area where we should adopt this kind of action. What in effect the gentleman will do is to throw the United Nations into a turmoil at the very time when we are trying to find ways to peace.

Let us get rid of the spies. I am all for it.

Mr. GROSS. How does the gentleman propose to get rid of these spies?

Mr. GALLAGHER. In the same way as we always do. We root them out, as the State Department did.

Mr. GROSS. How does the gentleman propose to get rid of them?

Mr. GALLAGHER. We try them and convict them.

Mr. GROSS. We are not going to try this man. We are not going to deport him unless his government wants him to go.

Mr. GALLAGHER. I would say to the gentleman that this is presently under investigation.

This is not the day to gut the United Nations. That is what this does.

I urge the defeat of the amendment.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I deeply regret that my good friend from Iowa—and I regard him as one of my close dear friends—has seen fit to bring into this discussion the name of the United Nations.

Mr. Chairman, it was my great honor and my great privilege to serve as a delegate to the General Assembly of the United Nations. It was an experience that has enriched my life. Before I went there, I had always supported the United Nations. I believed in it. But I have never fully appreciated the vastness of the work of the United Nations.

Mr. Chairman, it is truly our only bridge to peace and to world understanding. It may be a frail bridge, but it is our only bridge. Serving there, Mr. Chairman, with the great statesman from New Jersey [Mr. FRELINGHUYSEN], my fellow delegate, and serving with the delegates from 117 other nations of the

world, all seeking to find planes of common agreement on which could be rested the conscience of the universe, has convinced me of the depth and worth of the United Nations.

So, Mr. Chairman, I deeply regret that my beloved friend from Iowa—whom I salute as a great statesman, and who is doing a great job, even though he is not always in agreement with me, and is one of the most industrious Members of this body—I do regret that he has brought into this discussion the United Nations. Respectfully but firmly I now ask him to withdraw his amendment. Will he do it?

Mr. GROSS. Not the longest day I have ever lived would I withdraw the amendment.

Mr. O'HARA of Illinois. Then, much as I admire and love my friend, I am sorry I cannot shed my blood with him and, perforce, must leave him to die alone.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 52, noes 72.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: On page 11, immediately after line 11, insert the following:

"(d) Section 301 is amended by adding at the end thereof the following new subsection:

"(d) The President shall seek to assure that no payment or contribution by the United States to the United Nations or to any agency or activity thereof shall be used for any program or activity which is contrary to the policies of the United States."

And redesignate the following subsection accordingly.

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, I spoke on this matter yesterday, as shown on page 14722 of the RECORD and I have altered the amendment today to exclude the last sentence and to make it conform thereby with the "Cuba section" of the pending bill.

I am pleased that the House Foreign Affairs Committee has included in this year's bill a policy statement that:

The President shall seek to assure that no contribution to the United States Development Program . . . shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.

In recent years I have testified before the committee in support of my bill to provide that U.S. payments to the United Nations shall not be used for programs contrary to the policies of our country. I have also offered similar legislation as an amendment to the foreign aid bill. This year, on May 11, 1966, I testified in behalf of my bill, H.R. 53, calling for a halt to this misuse of funds to nations who have vowed to destroy us, or who are openly assisting our enemies.

The evidence in support of the need for my legislation has been clear. In January of this year, the United Nations Special Fund, now the U.N. development program, approved a project at the University of Havana to train engineers and other technical persons, costing, \$2,096,500. Castro's Communist teachers, many of whom are Russians, were handed this money to carry out a program certain to undermine our efforts to keep the Western Hemisphere free from Castro and Russian totalitarianism. Our representatives at the United Nations objected to this, and voted against it, but it did no good. Just 2 years ago, the U.N. Special Fund also approved a grant to help Castro's ailing economy, which cost U.S. taxpayers \$500,000.

The language in this year's bill would require the President to seek assurance that U.S. funds given to the United Nations will not go to Castro's Cuba. This is good and establishes a basic policy which our freedom-loving people demand. It is idiotic that our country, which contributes over 40 percent of all funds going to the U.N. development program annually, should thus support the totalitarian designs of Castro and his Communist government to the tune of millions of dollars. I congratulate the committee on providing the language it did about Cuba.

While the bill includes the provision to ban U.S. contributions to the U.N. development program which go to Cuba, the legislation needs to be further amended to cover all United Nations programs in which funds might be used contrary to our national interests, and it needs to cover all nations not just Cuba.

The evidence for the need of this amendment, which would provide that no payment by the United States to the United Nations shall be used for any program contrary to the policies of the United States is readily available. There is no requirement by the U.N. Charter that we make these contributions.

The most flagrant and disheartening example outside of Cuba involves Cambodia and our fight for freedom for the Vietnamese people.

In the last 4 years, Cambodia has received almost \$3 million from the U.N. Special Fund for various projects, which cost U.S. taxpayers \$1.2 million. The most recent grant was for \$611,900 in January 1965. This is the same country which is led by Prince Sihanouk, who said on March 23, 1966, in announcing that Cambodia had given the Vietcong a shipment of rice:

We have given this aid to them by closing our eyes because we and the Vietcong have a common enemy, which is U.S. imperialism.

Foreign relations expert and columnist C. L. Sulzberger of the New York Times has recently reported that Cambodia is "a sanctuary and supply source for the Vietcong on such a scale that the Pnompenh government must know it. From the extreme south to Laos in the north, Cambodia is violating its proclaimed neutrality."

I will read here a recent news dispatch from Cambodia:

PHNOM PENH, CAMBODIA.—Prince Norodom Sihanouk has sent a message of solidarity to North Vietnamese President Ho Chi Minh on the U.S. bombings of oil depots near Hanoi and Haiphong, the government reported.

Sihanouk expressed "profound indignation" for the raids and pledged "total support to (North) Viet Nam."

Mr. Chairman, my amendment would allow the President to put a stop to the often times wholesale support and taxpayer's dollars to people who have flatly stated: "We will bury you." It is a sickening thing to realize that our dollars are helping to aid a country which gives sanctuary to the Vietcong.

Once this amendment is passed the President will have a firmer base on which to demand that U.S. funds not be used by anti-American programs.

I urge that the House adopt this amendment.

Mr. Chairman, I have always believed in the basic idea of using U.S. dollars as a tool for world peace and our own security. When I felt our foreign aid program was excessive and mismanaged I have recorded my vote against it as a protest against day-to-day imperfections rather than against the basic idea of foreign aid, substituting dollars for lives. Too often we have seen vast amounts of taxpayers' dollars go down the drain through extravagance or bad guessing on political motives of various countries or through other misconduct of the aid program; but no one can seriously quarrel with the objectives.

I am certain that the foreign aid program as now constituted is not the only answer to world peace and the uplifting of underdeveloped nations. I believe our State Department should have a U.S. Agency for World Peace, which would do intensive research into finding ways of achieving peace. I have introduced legislation on this, H.R. 16038, and have asked for departmental reports and hearings on the bill. I am hopeful for early action on this measure, which I believe would be a great move toward peace.

Concerning the foreign aid legislation before the House today, it comes to us significantly when we are engaged in an all-out war in Vietnam. One-fourth of the total budget administered by the Agency for International Development is for Vietnam. These funds in the past have been used to construct 2,300 schools and in the next 2 years 13,000 new classrooms will be built for more than three-quarters of a million children. These funds will also go to medical facilities, resettlement of the 900,000 Vietnamese people who have been driven from their homes because of the war, and for development of farming and fishing opportunities, in which four-fifths of the Vietnamese people are engaged. The bill, moreover, provides weapons of war to our allies in South Vietnam. We are fighting a military war; then, a political war and thirdly an economic war. We must win each to eliminate the military war.

Today, with our Nation's energies and manpower devoted to securing peace in Vietnam and southeast Asia, we must act favorably on the legislation before us;

and I expect to cast my vote for the bill on final passage even though I realize that the things that will be done under the bill will not always be perfect.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I understand the gentleman has consulted the gentlewoman from Ohio [Mrs. BOLTON] on the minority side.

Mr. BENNETT. I did.

Mr. MORGAN. The amendment has been modified. It now brings the amendment into conformity to the Cuban amendment; is that correct?

Mr. BENNETT. That is correct.

Mr. MORGAN. The majority has no objection to the gentleman's amendment.

Mr. FASCELL. Mr. Chairman, I move to strike the last word.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I am the author of the amendment which appears in section 107(b) of the bill which seeks to prohibit the use of voluntary contributions made by the United States to the United Nations development program for technical assistance projects to Cuba, while that country is governed by the Castro regime.

This amendment is fully consistent with the policy which the Committee on Foreign Affairs and the Congress have endorsed in years past.

I should like to say, for background purposes, that I initiated efforts to prohibit the use of U.S. funds donated to the United Nations for technical assistance to Cuba as far back as 1963 when the first project of this nature was approved by the United Nations Special Fund.

That particular project, as the membership of the House will recall, proposed technical assistance for an agricultural research station in Cuba.

That year the Committee on Foreign Affairs and then the House of Representatives adopted my amendment which proscribed the use of the U.S. funds donated to the United Nations Special Fund for that project in Cuba.

Unfortunately, the other body of the Congress did not go along with our proposal and the provision was deleted in conference.

This did not dissuade us from continuing in the effort to deny the Castro regime any type of American assistance.

As chairman of the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs, I made representations to our Department of State and to our representatives in the United Nations. We were happy to receive assurances at that time that administrative arrangements would be worked out to prevent the use of any U.S. funds for the Cuban project.

Early this year when the governing council of the United Nations development program approved a technical assistance project for the University of Havana, I immediately objected to the Department of State and to our representation at the United Nations.

I am pleased to say that our repre-

sentative in the Governing Council lodged a strong protest against the approval of this project. Further, we were again instrumental in receiving assurances that no U.S. funds would be used to provide aid to the Castro regime. These assurances are spelled out in the record of hearings held before the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs on April 19, 1966. On that date Assistant Secretary of State Joseph Sisco said the following:

With respect to the project that I mentioned for the University of Havana, the U.N. has also stated that no U.S. dollar contributions would be used for its financing.

The question is asked, Are not all contributions to the United Nations development program merged? If so, how can we be sure that no U.S. contributions are being used for Cuban projects?

The answer is this: It is true that 40 percent of the total financial resources of the Special Fund are supplied by the United States. But, over 100 other countries also contribute to the Fund. Most of these contributions, making up the remaining 60 percent, are in currencies other than dollars. These contributions are held in separate accounts outside of the United States; they are not integrated with U.S. dollar contributions and their end uses are clearly identifiable. It is these nondollar currencies which will be used for the Cuban projects.

Nevertheless I have felt, and the Committee on Foreign Affairs concurs, that we ought to have a clear and unequivocal expression on this point in the legislation before us. It was for that reason that I offered my amendment embodied in section 107(b) of H.R. 15750. It was for that same reason that the Committee on Foreign Affairs overwhelmingly adopted the amendment.

At another point in this debate, I shall detail all of the efforts which I exerted in the hearings before the Committee on Foreign Affairs, on the floor of this body and in other committees, to deny any type of economic aid or trade to Cuba while that country is governed by the Castro regime. At this point I wish to conclude with just this observation:

The amendment in section 107(b) is a needed and an effective amendment. It accomplishes the purpose on which we are all agreed. It provides further reinforcement to the administrative arrangements which have been put into effect to deny Castro any portion of the funds that the United States is contributing to the U.N. development program. I believe it is an amendment which merits our wholehearted support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FRELINGHUYSEN

Mr. FRELINGHUYSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered by Mr. FRELINGHUYSEN: On page 11, beginning in line 17, strike out "each of the fiscal years 1967 and 1968" and insert in lieu thereof the following: "the fiscal year 1967".

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, during the discussion yesterday the chairman of the Foreign Affairs Committee characterized the amendment offered by the gentleman from California with respect to a cutback in the authorizations from 2 years to 1 year as a meat ax approach to the problem. Of course it was no such thing. It was merely an attempt to strike all references to a 2-year authorization from this bill at one time, to avoid the necessity for the submission of separate amendments to strike the 2-year authorizations from various titles of the bill.

Since that particular amendment offered by the gentleman from California yesterday failed, I am offering a separate amendment with respect to the voluntary contributions to be provided to international organizations under this title.

I would like to begin my remarks with a quotation from the distinguished gentleman from Florida when he discussed the 2-year authorization yesterday. The gentleman from Florida said he did not accept the argument that the kinds of control insured through the appropriations process would give adequate policy guidance to the foreign aid program. A combination of policy and funding controls, in his opinion, exercised by both the authorizing committees and the appropriation committees, is vital.

In my opinion, this argument certainly applies to the voluntary contributions which this country makes to a wide variety of international organizations. I myself have been a strong supporter of such contributions by the United States, but I should like to point out that the sums involved are very considerable, running to some \$140 million for the next fiscal year, together with some \$4 million in carryover funds.

If we should keep the language presently in the bill, \$140 million would be provided in 1968. I would suggest that this is an arbitrary ceiling. There is no indication now as to just how much money will be needed in that year for a wide variety of programs. The United Nations development program, for example, will need \$70 million in fiscal year 1967 as compared to \$65 million in the current fiscal year and \$60 million in the fiscal year 1965. We do not know at all how much this kind of program

Furthermore, as a reference to the bill before us indicates, the Committee on Foreign Affairs quite legitimately expressed policy considerations in proposed new language to be added to the act. I refer specifically to the language on page 10, beginning at line 21, which says, and I quote:

The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.

I refer also to the language on page 11, starting at line 4 and running through line 11, which reads as follows:

Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take

all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving training as a member of the so-called Palestine Liberation Organization.

It is, of course, no secret that the United States has been providing over a period of years the lion's share of the funds to the United Nations Relief and Works Agency. In the fiscal year 1965 the United States supplied a total of \$24.7 million; in 1966 \$22.9 million, including \$8.9 million in food, was made available.

When I was a delegate to the 20th Assembly of the United Nations last September I was very much involved with the Relief and Works Agency. I know for a fact that there is a serious problem with respect to the provision of assistance to Arab refugees who are being trained by the Palestine Liberation Organization. As the representative of the United States, I protested against using United Nations funds for the sustenance of such trainees. A reflection of that same concern is found in the language of the bill before us, starting on page 11, line 5. It is entirely appropriate, indeed it is important, for the Foreign Affairs Committee to take this kind of policy position with respect to the variety of international organizations represented in this \$140 million. There is no way in which the Committee on Appropriations could legally do the job that the Committee on Foreign Affairs does as a matter of course. There is no way in which that committee could write in a policy recommendation, or limitation, or restriction in an appropriation bill.

Mr. Chairman, in my opinion it is essential that the Foreign Affairs Committee undertake the simple job every year of examining the request for funds for these international organizations, to set ceilings and establish policy restrictions, if they should be considered necessary.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, as the distinguished gentleman from New Jersey [Mr. FRELINGHUYSEN] has already pointed out, by prior vote today we have made a decision on the principal issue involved here with respect to whether this should be a 2-year authorization or a 1-year authorization and decided on 2 years. I see very little change in the basic argument.

Mr. Chairman, the committee has fixed the ceiling for fiscal 1968 at the same rate as it has fixed it for fiscal 1967, and has presented that issue to the House of Representatives for a multiyear authorization. We trust that the flexibilities built into this program are such that we would not have to ask for any additional increases, however, we would not hesitate to authorize an increase in 1968 if necessary and advisable.

However, Mr. Chairman, the balance of the program has been placed upon a 2-year basis, and we urge the Members to defeat this amendment and keep all of the bill on a 2-year basis, except for the

Development Loan Fund and the Alliance for Progress.

Mr. FARBSTEN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New York.

Mr. FARBSTEN. Is there any reason that the gentleman can say why this authorization may not be decreased annually?

Mr. FASCELL. Well, it could be.

Mr. Chairman, the gentleman from New York [Mr. FARBSTEN] has been the author of amendments with respect to the Palestine refugee relief program which reflects a decrease in the contributions made, and for 2 years now, as I recall it, these decreases have been made. If the committee follows the procedure, there would be a decrease next year. There might be decreases in other programs but, generally, we fix the overall limitation as is the rate for fiscal 1967 for fiscal 1968.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, the gentleman from Florida seems to be agreeing with me that the 1968 ceiling which is established by this recommendation of the committee is essentially arbitrary. The gentleman himself said it might well be increased or it might possibly be decreased; they have no idea, and no projection was made as to the need for international organizations in 1968.

Mr. FASCELL. I do not believe I am agreeing with the gentleman from New Jersey. I believe the gentleman is agreeing with me, that the Committee on Foreign Affairs has fixed the limitation for 1968, and we have done it on a sound basis, because we projected it on the basis of fiscal 1967 authorizations.

Mr. Chairman, the only point I am making is that some increases will be requested and, if so, they can be handled through supplemental requests or the committee can make its determination on an amended authorization.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield further?

Mr. FASCELL. I yield further to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I see no reason why an arbitrary ceiling is a sound one, as the gentleman from Florida seems to be favoring.

However, Mr. Chairman, we have no idea what the needs will be. I do not know what makes it sound, if we pass a ceiling.

Mr. FASCELL. I did not say that it was arbitrary at all. I said it was a reasonable figure and that the committee had a sound basis for it. The gentleman from New Jersey [Mr. FRELINGHUYSEN] said it was arbitrary and the gentleman from Florida has never agreed to that interpretation.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield further?

Mr. FASCELL. I yield further to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I wish the gentleman from Florida would touch upon the point of the ad-

visability of annual consideration of policy questions with respect to these international organizations?

Mr. FASCELL. I have always indicated that this is good policy for the Committee on Foreign Affairs. We need not only to review authorization figures but should spend more time studying, investigating and acting on policy questions.

Mr. Chairman, I might add that our subcommittee undertook a recent study in depth with respect to U.S. policy and the operations of the United Nations. But, that was in the subcommittee. I would have much liked to have seen that entire study conducted by the full Committee on Foreign Affairs, because that is a fundamental policy question which has very little to do with the authorization limitation for funding but is extremely important for the future foreign policy of the United States.

Mr. Chairman, as I said yesterday in discussing this question, while I believe funding limitations are vital and important, they are really very secondary to policy considerations.

I would hope that the Committee on Foreign Affairs would give increased time to major policy questions.

Mr. Chairman, that is why I believe a 2-year authorization is so vital.

Mr. FRELINGHUYSEN. If the gentleman will yield further, I fail to understand the point. How would our committee express its concern about policy with respect to international organizations except in such a form as an authorization for contributions to those organizations?

Mr. FASCELL. The gentleman presumes, in asking that question, that the only way you can effect policy is through funding. I do not agree to that at all.

I think our committee and the gentleman's own studies on the United Nations have made a valuable contribution in that respect.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORSE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I find myself here in the well of the House again speaking on what I think is the critical issue on this entire bill, and put in focus particularly well by the amendment offered by the gentleman from New Jersey.

As I said yesterday, the concept of the multiyear authorization is not one which offends me. But I am offended when the Committee on Foreign Affairs and this Committee of the Whole House on the State of the Union is ready to approve an authorization for the fiscal year 1968 when absolutely no justification and absolutely no testimony as to the propriety of the amount authorized in the committee bill has been presented.

I challenge the gentleman from Florida, who I see is on his feet, to tell me exactly what the dollars that we have authorized in fiscal year 1968 will be used for and, more important, to cite in the record of the committee, in the committee hearings, any testimony offered by any witness as to the amounts of money needed for the particular account for fiscal year 1968.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. MORSE. I am happy to yield to the gentleman.

Mr. FASCELL. I want to refer the gentleman to the very detailed presentation contained in these books which have been before the committee during the entire consideration of this over a period of several months with respect to the detailed program for the fiscal year 1967.

I refer the gentleman to my testimony in which I said in my judgment what we should do with respect to this program for the fiscal year 1968 is to fund it on the same basis as fiscal year 1967 because this to me makes sense, when you analyze the individual programs as presented for fiscal year 1967.

The gentleman can disagree with that basis but he cannot say that there was no basis for the decision.

Mr. MORSE. Mr. Chairman, I have great respect for the gentleman's integrity and for the gentleman's intelligence; but I have no respect for his clairvoyance. I do not think this House should authorize a figure for the fiscal year 1968 simply on the conjecture of a single Member.

Mr. Chairman, I would urge the adoption of this amendment.

Mr. FASCELL. Most of these amounts have been clearly stated over the years, and there is no act of clairvoyance involved on this issue.

Mr. MORSE. If the gentleman will recall, there have been some very critical issues that have affected this particular account. He will recall the article 19 dispute, and the U.N. bond issue, both of which have relevance to this account.

Mr. MORGAN. Mr. Chairman, I move to strike out the last word, and rise in opposition to the amendment.

I just want to say that this would put a ceiling on the bill. I am not one of those people who is worried about not spending the money. I believe if we fix this ceiling next year on the international organizations we are going to discourage the Executive from making increased commitments to the international organizations to which we belong during the next year. I hope they will regard this as a ceiling of \$140 million.

This will have to run the gauntlet of the Subcommittee of the Appropriations Committee headed by the distinguished gentleman from Louisiana, and I am sure he will be watching this mighty close next year so far as the funds are concerned.

So I think the fact that we establish a ceiling for 1968 is important, and I am opposed to the amendment.

Mr. COLLIER. Mr. Chairman, I move to strike out the last word, and rise in support of the amendment.

(Mr. COLLIER asked and was given permission to revise and extend his remarks.)

Mr. COLLIER. Mr. Chairman, the record of the many foreign aid programs that have been functioning since the end of World War II is not one that would inspire confidence. Nearly \$150 billion, all of it borrowed money on which we have been paying interest and on which we will continue to pay interest for gen-

erations, has been scattered abroad—in Europe, Asia, Africa, and North and South America.

Ostensibly, the purpose of this tremendous outpouring of America's wealth has been to combat communism, to gain allies to make it easier for us to prevent war from breaking out or to help us fight wars once they start, and to help undeveloped infant nations to establish sound economies.

What has been the result?

Since foreign aid first became institutionalized, the United States has become engaged in two wars in Asia against Communist aggression. We fought in Korea for 3 years and the only nation that gave us substantial assistance was Turkey.

We are now fighting in Vietnam and are suffering heavy casualties. We are getting only token help from our numerous allies and many of them are trading with our Communist enemies. The bulk of the cargo entering the North Vietnamese port of Haiphong is being carried in the ships of countries that are members of the North Atlantic Treaty Organization.

Speaking of NATO in connection with the war in Vietnam, I am reminded that we bailed out France in southeast Asia soon after NATO's establishment with headquarters in Paris and with France as the keystone. General de Gaulle has disapproved of the "ever widening war in Asia" and has expressed his desire for the neutralization of Vietnam. He has ordered us to get out of France and to move the military installations which were built there by the United States.

Our policy of buying friends has been a colossal failure all over the world, as our diplomats have been insulted, our embassies stoned, and our libraries burned. Canada sells wheat to the Soviet Union, Argentina sells it to both the Soviet Union and Communist China, and Chile sells nitrate to Red China, but it does not lie in our mouths to complain, because the Kennedy-Johnson administration insisted over almost unanimous Republican opposition that the United States send wheat to the Soviet Union.

Some of the countries that we have aided are also receiving help from Communist Russia. Many of the new nations, as well as some of the older ones, have turned out to be liabilities rather than assets, due to frequent changes of government that are often brought about by military coups accompanied by assassinations and followed by wholesale executions and massacres. Chaotic conditions are too often followed by one-man rule, banning of political opposition, suspension of constitutional rights, nationalization of industry, and expropriations of foreign investments.

In many instances our economic help has been short lived, as runaway inflation has dissipated the gains and left the masses of the people worse off economically than before. At the same time, inflation in the United States has been accelerated by the expenditure of vast sums for foreign aid year after year.

What does the present administration

propose to do about the situation? It proposes a continuation of foreign aid spending, with the authorization of more and more billions. The bill now before us authorizes \$4,109,119,000 for fiscal 1967 and \$4,158,339,000 for fiscal 1968. Altogether the bill authorizes approximately \$13,800,000,000, some of it to be spent over a 5-year period.

The administration wants us to authorize money for a 2-year period, part of which would run during the Congress that will follow the current one. I am going to vote against the foreign aid authorization bill on final passage, as well as against the scheme for a 2-year authorization period. We must not surrender the opportunity for an annual review of the foreign aid program.

At present it appears very likely that there will be many new faces in the Congress as a result of the summer primaries and the November election. A House of Representatives that is 2-to-1 Democratic may be foolish enough to yield some of its power by agreeing to a 2-year authorization period, but if the Republicans make substantial gains this fall, I doubt if the 90th Congress would seriously consider such a proposal, should the 89th Congress fail to agree to it. In any event, I do not believe the present Congress should place unnecessary obstacles in the path of its successor.

During the past few weeks my office has been flooded with replies to my recent questionnaire, as thousands of my constituents have taken the time to reply to seven questions on Vietnam and inflation.

While there was no question about foreign aid on the questionnaire, a great number of the respondents added strongly worded statements in which they expressed vigorous opposition to various phases and the administrative policies of the foreign aid program.

If a nationwide poll were taken on the continuation of the present foreign aid program, I am sure the vast majority of the people—who, incidentally, pay the cost—would reflect an attitude entirely different than that which the Congress and the executive branch of the Government have taken in recent years.

The bill before us provides for economic or military aid or both to 84 nations plus carryover aid to 10 other nations. Aid of one kind or another is going to 94 different countries throughout the world.

Economic aid is going to 72 nations plus carryover aid to 10 others. Economic aid is therefore going to 82 different countries all over the world.

Military aid will go to 55 different nations at a time when we are talking about peace. It seems inconsistent to me that we should be advocating peace throughout the world at the same time that we are supplying armaments of all kinds to countries large and small around the globe.

Many of these nations have used American-manufactured weapons against each other, while a number of others are on the verge of fighting. At the same time we are getting almost negligible

help from our so-called allies as our men fight in Vietnam.

Since the close of World War II, the United States has provided arms for half the nations of the world at a cost of \$37 billion. In the present measure we are being asked to authorize an additional \$917 million for military assistance. This does not include at least a billion more for paying and supplying the South Vietnamese Army.

France, one of the largest recipients of military aid, has turned its back on us in Vietnam, has demanded the evacuation of Americans from France, and wants to close our bases on French soil.

The United Kingdom, which we have given a tremendous amount of military assistance, continues to send her ships into Vietnam and Communist Cuba.

Latin American countries have received large amounts of military aid, but not one soldier has been volunteered from them for the Vietnamese forces.

It is interesting to note that in Africa, where we have sent considerable military aid, seven governments have been overthrown by military coups since June of last year.

Two of the largest current recipients of military aid, Greece and Turkey, are at swords' points over Cyprus.

India and Pakistan are also looking threateningly at each other. Both have benefited from our military assistance.

Mr. Chairman, while I have through the years opposed foreign aid authorizations and appropriations, this does not mean that I would never support the concept of foreign aid. If there were only some way of voting for responsible, well-considered programs, I might be induced to lend my support to them.

It seems to me that we should be considering three separate bills for authorizations, as well as three separate measures for appropriations. Military aid should be in one authorization, economic aid in another, and technical assistance in a third. Similarly, there should be an appropriation bill for each of these three items. In that way we would be able to consider each phase of foreign aid intelligently.

Channeling the money of American taxpayers and bond purchasers through the United Nations organization and other international instrumentalities would be dangerous, especially when we are fighting a war and there are many potential trouble spots throughout the world. While Secretary of State Dean Rusk believes that "foreign aid is basic to our security," I fail to see how such aid will help us to maintain our security if it is to be disbursed by international organizations to our enemies. This proposal should be dismissed without serious consideration.

Unless the administration presents us with foreign aid proposals in separate packages for military, economic, and technical aid and without such booby-traps as 2-year authorizations and the funneling of money through international organizations, I shall continue to vote against foreign aid authorization measures and appropriation bills.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN].

The question was taken; and on a division (demanded by Mr. FRELINGHUYSEN) there were—ayes 43, noes 68.

So the amendment was rejected.

LEGISLATIVE PROGRAM FOR THE WEEK OF JULY 18, 1966

(Mr. GERALD R. FORD asked and was given permission to speak out of order.)

Mr. GERALD R. FORD. Mr. Chairman, I take this time for the purpose of asking the distinguished majority leader to schedule for next week and our program for the remainder of this week.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Chairman, upon disposition of the pending legislation, we will have finished the business for this week and it will be our purpose, after going back into the House, to make the usual unanimous-consent requests with respect to going over and dispensing with Calendar Wednesday.

In response to the inquiry of the distinguished minority leader, the program for next week is as follows:

Monday is Consent Calendar Day. There are 14 suspensions:

H.R. 7315, relating to the National Museum of Smithsonian Institution;

H.R. 13783, authorizing the furnishing of books and other materials to other handicapped persons under books for blind program;

H.R. 14838, amending the National Science Foundation Act of 1950;

H.R. 2623, creating the San Juan Island National Historical Park, Wash.;

H.R. 13419, authorizing feasibility investigations of certain water resource development proposals;

H.R. 2450, providing retirement in highest grade held in any Armed Force;

H.R. 3313, providing career incentives for certain officers of the Armed Forces;

H.R. 5297, limiting revocation of retired pay of members of Armed Forces;

H.R. 9916, respecting selection of candidates for appointment to service academies;

H.R. 15712, authorizing transportation of motor vehicles of certain members of the Armed Forces;

H.R. 14875, improving the uniformed services savings deposit program;

H.J. Res. 421, providing appropriate flag ceremonies at Washington Monument;

S. 2822, simplifying laws administered by Farm Credit Administration; and

H.R. 14548, extending the leasing authority of the Postmaster General.

These bills will not necessarily be called up in the order listed.

Tuesday is Private Calendar Day. Also on Tuesday H.R. 15941, the Defense Appropriation Act for the fiscal year 1967, will be considered.

Wednesday and the balance of the week, H.R. 15111, Economic Opportunity Amendments of 1966, under an open rule, with 8 hours of general debate.

This announcement is made subject to the usual reservations that any further program may be announced later and that conference reports may be brought up at any time.

I thank the distinguished minority leader for his inquiry.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to authorization for supporting assistance, is amended to read as follows:

"SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for each of the fiscal years 1967 and 1968 not to exceed \$200,000,000. In addition, there is authorized to be appropriated to the President for use in Vietnam in each of the fiscal years 1967 and 1968 to carry out the purposes of this chapter not to exceed \$550,000,000. Amounts appropriated under this section are authorized to remain available until expended."

Mr. MORGAN (interrupting the reading). Mr. Chairman, I ask that chapter 4 be considered as read from page 12, line 13, down to the bottom of that page, and open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Are there any amendments to chapter 4?

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss: On page 12, line 23, strike out the period and insert in lieu thereof a colon and the following: "Provided, That where commodities are furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, such proceeds shall not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval."

(Mr. MOSS asked and was given permission to revise and extend his remarks.)

Mr. MOSS. Mr. Chairman, I offer this amendment as a result of the findings of the Subcommittee on Government Operations during its trip to Vietnam in May of this year. This is a very simple amendment. Its purpose is to give our diplomatic representatives in Vietnam greater control over the budgeting of U.S. AID funds by the Government of Vietnam for economic assistance projects and programs. I am offering this amendment in response to an undesirable situation called to the attention of the Subcommittee on Foreign Operations and Government Information by some of our diplomatic representatives during the subcommittee's recent inspection trip to Vietnam.

I wish to emphasize that this amendment does not affect the U.S. military effort in that unfortunate country in any way whatsoever. It does not pertain to or interfere with commodity import funds used to support the military budget in Vietnam.

It does not tie the hands of the President or the Agency for International Development. On the contrary, it gives the

United States greater control over our own AID funds. The urgent need for this expanded control was demonstrated to us in many ways during our hearings in Vietnam.

At present, our control is limited almost entirely to a simple approval of economic assistance projects and programs already drawn up in the budget of the Government of Vietnam. U.S. participation in economic projects and programs of the Vietnamese Government in recent years has been on a very limited basis. With the great increase in funds generated under the expanded commodity import program for Vietnam, it is necessary for the United States to play its proper role in decisions on the use of these funds. This amendment would require stronger control. Simply put, it will make it clear to all that this control is not a subject for negotiation. Any ally of ours must understand that such huge amounts of money represent a considerable sacrifice on the part of our people. We must insist that these tax dollars are used only for economic projects and programs under conditions which guarantee full and proper U.S. participation.

Our Ambassador in Vietnam should be given this mandate by the U.S. Congress. This will give him the necessary leverage to make certain that our contributions to economic progress in Vietnam are strictly in line with U.S. foreign policy objectives.

Mr. Chairman, this amendment simply states that where commodities are furnished on a grant basis by United States supporting assistance under arrangements where the Government of Vietnam receives proceeds from their sale, they shall not be budgeted substantially reallocated without prior written approval by the United States.

Mr. Chairman, we need this control of our own funds. I urge the adoption of this amendment.

Mr. MONAGAN. Mr. Chairman, I am happy to support the amendment offered by the gentleman from California [Mr. Moss].

As a member of his subcommittee I traveled to Vietnam last May and I there became aware of the difficulties which had developed in the administration of the commodity import program there.

This amendment would give our administrators in that country greater control over this program—a control which is badly needed.

In fact, it would give us a control over our own funds—which inexplicably seems to have been lost or surrendered over the years.

The size of the amounts now generated and the fact that they are generated through commodities provided by U.S. taxpayers together with the questionable use of these proceeds requires that we exercise a greater control than we have hitherto.

This amendment will permit us to reassert the oversight to which our contribution entitles us, will allow the Vietnamese adequate freedom of operation and will contribute markedly to the overall efficiency of this vital aid program.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. MOSS. Mr. Chairman, I am very pleased to yield to the distinguished chairman of the Foreign Affairs Committee.

Mr. MORGAN. Mr. Chairman, I am in substantial agreement with what the gentleman seeks to accomplish by this amendment. I understand he has consulted the minority side and he has consulted the members of my committee. I will accept it with the understanding that certain technical perfections, taking into account Vietnamese budgetary practices, may have to be made when the bill goes to conference. With the understanding that we will thoroughly examine such technical requirements before the conference, I urge the adoption of the gentleman's amendment.

Also, I want to say to the gentleman that over the years the Committee on Foreign Affairs has worked very closely with the committee he now heads. When the distinguished gentleman from Virginia [Mr. HARDY], headed the subcommittee of the Committee on Government Operations, the Committee on Foreign Affairs worked very closely with his committee. Our staffs have always cooperated. The Committee on Foreign Affairs is willing to work with the gentleman's subcommittee. I believe we are both trying to perfect our foreign aid operations, and it is a pleasure to accept this amendment.

Mr. MOSS. Mr. Chairman, in responding to the remarks of the distinguished chairman, I want to express my gratitude for the cooperation we have always received. I assure him that it is my desire, as I know it is the consensus of every member of the subcommittee, to continue to work closely, cooperatively, and constructively with his committee.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield to me?

Mr. MOSS. Mr. Chairman, I am pleased to yield to the gentlewoman from Ohio.

Mrs. BOLTON. Mr. Chairman, the minority side is ready to accept the gentleman's proposal.

Mr. MOSS. I thank the gentlewoman.

Mr. RUMSFELD. Mr. Chairman, will the gentleman yield?

Mr. MOSS. Mr. Chairman, I yield to my colleague and most cooperative co-worker, the gentleman from Illinois [Mr. RUMSFELD].

Mr. RUMSFELD. Mr. Chairman, I thank the gentleman for yielding. I certainly support this amendment. As the gentleman indicated, it came about as the result of our subcommittee's visit to Vietnam and the discussions in the Subcommittee on Government Operations as a result of that trip.

Is it the intention of the gentleman that this amendment would deal with the reallocations of a major or significant nature, but, on the other hand, that it is certainly not intended to create problems within AID down the line as to very minor reallocations? Is this basically the gentleman's feeling?

Mr. MOSS. In accordance with our discussion, we are not attempting to deal with trivia, but instead with the very substantial items of reallocation which can occur. Attempts have been made in the past to effect such reallocations.

Mr. RUMSFELD. I believe the amendment is a most important improvement to the bill. There is no question that the relationship which existed when the United States had but a handful of advisers in South Vietnam is out of date at a time when there are 300,000 Americans in that country. I commend the gentleman for his amendment.

Mr. MOSS. I thank the gentleman.

Mr. Chairman, I ask for approval of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. Moss].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 12, line 20, strike out "\$200,000,000" and insert in lieu thereof the following: "\$175,000,000".

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, a few moments ago I offered an amendment with respect to the Alliance for Progress, to cut the amount \$100 million. That seemed to be too substantial a cut for the Members to swallow, so I am back with a very small cut of \$25 million in supporting assistance.

I wish to point out to the Members, as we covered in our minority views, that as of June 30 there was \$547 million in the pipeline for supporting assistance. Furthermore, this amendment would not touch the \$550 million which is exclusively for Vietnam, so it would not in any way endanger activity in Vietnam.

What we are trying to do is to achieve a very small and practical cut of \$25 million in the supporting assistance section, where there is more than a half billion dollars in the pipeline, for which we have made substantial authorizations over the years.

I point out to the Members that the authorization in the bill, \$200 million, is in excess of the appropriation request. We certainly do not want to further upset the very precarious budget which the President submitted earlier in the year, and I might even go so far as to say that on the President's behalf I am offering this amendment to try to get these figures within a reasonable budget provision.

I do not believe that a \$25 million cut in supporting assistance, when there is more than a half billion dollars in the pipeline, could be called gutting the bill. I believe it is a necessary thing for us this afternoon to show some restraint on the part of the House over what appears to the public to be a complete runaway spending program.

I cannot conceive, interested as the Members are in the stability of the U.S. Treasury and in the stability of our dollar abroad, that the House would say, as to a bill before us, that every dollar of spending here authorized is sacred. I do not believe this \$25 million of supporting assistance is sacred.

My amendment is a very practical and proper one. Certainly, considering the money in the pipeline and the fact that

we are speaking of the portion of the funds not segregated for Vietnam, I am hopeful the amendment will meet with a minimum of opposition and might be accepted.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

With a maximum of affection for my friend, I hope the gentleman will not consider it personal for us not to support his amendment, as some of his amendments did have our support in the committee.

I hope, since he has enriched the bill, the gentleman will now support the bill.

I believe this amendment must be opposed. One of the problems is that on the question of supporting assistance, this involves one of the highly concentrated areas of the bill. There are four countries which get 75 percent of the funds under this. I am not quite sure where the gentleman would like to cut, since he has not specified.

However, countries that would be affected seriously are Korea, Jordan, the Dominican Republic, and Laos. Any cut in these areas would substantially weaken world security. While it is true that Vietnam is not going to be affected by this, nevertheless this money is needed to back up the security requirements of the United States which exist in these areas throughout the world. Bases which are maintained, for example, in Korea certainly add additional burdens to that government. Therefore, this money is used to take up the necessary slack which exists in their budget as a result of our activities in those areas.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. Yes. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Will the gentleman explain to the Members what his concern is with over \$500 million in the pipeline?

Mr. GALLAGHER. The gentleman knows the pipeline has nothing to do with forward projects. That is an old argument. I know the gentleman is forward looking and he certainly cannot rest on taking a glance backward as to what the pipeline now carries in it. It is necessary that this funding the projected into the future. Certainly 75 percent of the countries I have outlined are finding it necessary. Korea is sending additional troops to Vietnam, and we do not want to undermine them at this point. The Dominican Republic action terminated quite favorably, and the troops are being withdrawn from there. I may say that there are 20 countries that have been terminated already, and successfully so, under the supporting assistance program. It is a tightly run program, and I hope this cut will not prevail.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. Yes. I yield to the gentleman.

Mr. MORGAN. During the discussion of the gentleman from Illinois in support of his amendment he mentioned the fact that the executive was not requesting the full amount of \$200 million, but he did not mention the figure they were requesting. They are requesting in appropri-

tions \$197.2 million, but they are requesting that the full amount of \$550 million for South Vietnam be appropriated. So the difference between the authorization and appropriation requests for the whole supporting assistance package is only about \$2.8 million. However, as the gentleman stated in his remarks, this is a very important part of the program. This was what was known under the Mutual Security Act as defense support. Supporting assistance is very important to the seven countries named by the gentleman. This is used to build military strength to compensate for our base rights and otherwise assist in our general foreign policy.

I hope that the gentleman's amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The amendment was rejected.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) In subsection (a), strike out "the fiscal year 1966" and insert in lieu thereof "each of the fiscal years 1967 and 1968" and strike out the last sentence.

(b) In subsection (b), strike out "the first sentence of".

AMENDMENT OFFERED BY MR. BERRY

Mr. BERRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BERRY: On page 13, line 7, immediately before "and" insert the following: "; strike out '\$150,000,000' and insert in lieu thereof '\$70,000,000'";

Mr. BERRY. Mr. Chairman, the purpose of this amendment is to bring this authorization in line with the authorization as provided by the other body. They are authorizing in their bill \$70 million. I do not believe that we should be authorizing \$150 million while they are authorizing \$70 million, because we will give way to them and it will just simply make this body look a little bit foolish.

Now, Mr. Chairman, since I have been a Member of the Congress, I have understood that the "other body" is known as the "upper body" because it "ups" everything that the House of Representatives passes.

However, Mr. Chairman, this is not true in this instance and I believe that we should prove that it is not true.

Mr. Chairman, perhaps the best argument I could make would be to read from the report of the other body on this \$70 million authorization, and they say this:

This provision authorizes an appropriation of \$70 million for the contingency fund for the 1967 fiscal year. This is the amount of the appropriation request, though the administration had asked for an authorization of \$150 million for each of the next 5 fiscal years. The Congress authorized \$50 million for the regular contingency fund and \$89 million for use in southeast Asia in the 1966 foreign aid authorization bill. An additional \$100 million for the contingency fund was authorized by supplemental legislation.

The committee understands that little of this additional \$100 million will be used be-

fore the end of the fiscal year. In view of this, the committee's recommended authorization is actually an increase over the amount required this fiscal year for non-Vietnam operations.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I join with my distinguished colleague in his remarks and I trust that this amendment will be voted down.

Mr. BERRY. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from South Dakota.

Mr. BERRY. I did not say "wish"; I just said "I knew."

Mr. GALLAGHER. Oh with that certain knowledge, I do not believe we ought to make a longer argument but, nevertheless, while I certainly join the gentleman in wanting to make this program as tight as possible, I cannot agree with the gentleman that this body could ever look foolish by following the example of the other body. I feel that we should certainly follow our own example, in the hope that that might happen over there.

Mr. Chairman, the request this year is a minimum request, based upon the experience of recent years and, in fact, is the second lowest request for such funds.

Mr. Chairman, the contingency fund is maintained in order to meet urgent needs. It is tight.

Mr. Chairman, we had a long discussion on this and it is the feeling of the Committee on Foreign Affairs that this represents a tight request, second tightest in the history of the contingency fund.

Mr. Chairman, as such, I would urge that this amendment be defeated.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to my distinguished chairman, the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I thank the gentleman from New Jersey for yielding.

Mr. Chairman, I just want to tell the gentleman from South Dakota [Mr. BERRY], that I have had the honor to head the House conferees on the foreign aid bill for the last 7 years and we do not give on anything on which it is not absolutely necessary.

Mr. Chairman, I believe that the members of the Committee on Foreign Affairs who have served as conferees on the foreign aid bill can testify that the House conferees are pretty rigid.

Last year, Mr. Chairman, the conference lasted over 6 weeks and the position of the House was defended very effectively.

Mr. Chairman, the House Committee on Foreign Affairs is proud of its record. I would say that last year 90 percent of the foreign aid bill, as finally agreed to represented the provisions of the House bill.

Now, Mr. Chairman, I want to get back to the argument about the contingency fund.

We were here just last February to act on a supplemental authorization and appropriation for \$100 million for the contingency fund.

Now, the executive this past year has requested in this year's authorization \$150 million. The request for appropriation is only \$70 million.

Mr. Chairman, the Committee on Foreign Affairs over a period of years has looked very carefully at this contingency fund and the executive has made a good record of returning to the Treasury of the United States funds unspent from the contingency fund.

If I remember correctly, it was back in 1962 when the Committee on Foreign Affairs, under some prodding by the distinguished gentleman from Indiana [Mr. ADAIR], began to take a stronger and harder look at the contingency fund. He saw that funds from the contingency fund were being spent for projects that he did not think could be regarded as involving unforeseen emergencies. As a result of some strong language in our report, the executive had done a very good job in limiting the use of these funds to real contingencies and in returning unused funds to the Treasury.

For instance, in 1963 we authorized \$250 million and appropriated \$250 million. Only \$149 million was spent, and the balance was returned to the Treasury. There need be no fear here that by authorizing \$150 million in this bill today we are going to have contingency fund dollars wasted. The executive branch has a very good record over a period of years in its use of this fund.

Mr. Chairman, I ask for the defeat of the amendment offered by the gentleman from South Dakota.

Mr. GALLAGHER. I join with my distinguished chairman. This is a matter of judgment, and they have exercised good judgment.

Mr. Chairman, I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PART II

Chapter 2—Military assistance

Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504(a), which relates to authorization, is amended to read as follows:

"(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$917,000,000 for each of the fiscal years 1967 and 1968. Amounts appropriated under this subsection are authorized to remain available until expended."

(b) Section 508, which relates to reimbursements, is amended by adding at the end thereof the following new sentence: "Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guarantees) as may be determined by the President shall be transferred to, and merged with, the separate fund account."

(c) Section 510(a), which relates to special authority, is amended as follows:

(1) In the first sentence, strike out "the fiscal year 1966" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

(2) In the second sentence, strike out "the fiscal year 1966" and insert in lieu thereof "each fiscal year".

(d) Section 512, which relates to restrictions on military aid to Africa, is amended by striking out "fiscal year 1966" and inserting in lieu thereof "each fiscal year."

(e) At the end of such chapter 2, add the following new section:

"SEC. 514. ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discouraged arms races."

Mr. MORGAN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that part II of the bill, page 13, line 9 through and including line 25 on page 14, be considered as read, and be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. MONAGAN

Mr. MONAGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MONAGAN: on page 13, immediately after line 24, insert the following:

"(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

"(e) No assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I."

And redesignate the following subsections accordingly.

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, the purpose of this amendment is quite obvious, from a reading of the text itself. It is to require that where we have large stocks of foreign currencies, these currencies be used, in this case, for the purchase of military equipment prior to and in preference to the use of newly appropriated dollars.

In some countries the legal situation is such that that is required to be done. The contracts between the United States and the foreign country contain authorizing provisions. However, there are other countries in which there are hundreds of millions of dollars of excess currencies which are really owned by the United States. But under the agreements that have been made up to this time it has not been required that these currencies be used for the common defense, including internal security.

This amendment would simply limit the granting of military assistance until such time as these provisions were put in the normal agreement which is negotiated regularly.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the distinguished chairman.

Mr. MORGAN. I am familiar with the gentleman's amendment. I believe that if we had had more time and if we had had more information on the amendment the amendment would have been incorporated in the bill during the marking up of the bill in committee.

Mr. MONAGAN. It is my fault that it was not submitted in time to be considered by the committee during the markup.

Mr. MORGAN. I think the amendment is good. I have consulted with my colleagues on the majority side, and the amendment is acceptable.

Mr. MONAGAN. I thank the gentleman.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mrs. BOLTON. Mr. Chairman, we also agree that it is an excellent amendment and we accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

Mr. SELDEN. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Alabama is recognized for 5 minutes.

Mr. SELDEN. Mr. Chairman, during Senate consideration of this legislation, an amendment was adopted to extend the present \$55 million ceiling on grant of military equipment to Latin America to cover sales as well. The result would be to cut the existing program by more than half.

Proponents of the Senate amendment claimed that it will discourage military forces in Latin America from meddling in the political life of their nations. They further claimed that such a limitation will reduce the likelihood of an arms race among the Latin American countries. In addition, they averred that the cutback in U.S. military assistance will cause the Latin American countries to devote a larger portion of their resources to constructive purposes.

It is easy to sympathize with the motivations which inspired the Senate provision. The American people have historically felt an affinity for other democratic nations. Temperamentally and traditionally, we have abhorred militarism, at home as well as abroad. We have consistently rushed to disarm after each unsought and unwelcome military engagement. We have assiduously maintained civilian control over our own military forces. As the United States assumed far-flung responsibilities for the defense of the free world against Communist onslaughts, President Eisenhower—himself a product of our Military Establishment—warned of the dangers of

a developing military-industrial complex in the United States.

But the Senate amendment, however well-intentioned, will not achieve the desirable purposes attributed to it. On the contrary.

Consider the problem of military coups in Latin America. In those countries where the military appear to play a dominant role, there has not yet developed a workable and popularly accepted basis among civilian political groups for the orderly transfer of power. In this kind of situation, the role played by the military is less cause than result. With or without U.S. military assistance, where violence is the accepted alternative to peaceful resolution of political issues, the military—frequently prevailed upon by civilian factions—will step in.

Furthermore, it is imperative to make a distinction between the use of the military to protect the status quo—a role apparently imputed to them by the authors of the current amendment—and their role to protect the state against Communist-inspired or other totalitarian revolutionary movements. In countries where viable political systems do not exist, where contending forces are unable to achieve peaceful accommodations, the Armed Forces may perform a vital moderating function. Much as we may deplore military intervention, we cannot be blind to realities. Above all, we must learn to judge each Latin American country according to its own circumstances and to avoid making blanket indictments of countries in which situations differ markedly.

Until some of the basic social reforms called for by the Alliance for Progress are achieved, Latin America will remain a region in ferment. But without internal peace, the goals of the Alliance will be rendered impossible. In these circumstances, U.S. military assistance—directed as it currently is largely toward internal security, counterinsurgency, and civic action—can play a meaningful role in helping the Latin American nations maintain the domestic peace vital to economic and social progress.

In fact, U.S. military assistance in these areas can be crucial to shoring up democratically elected governments. Drastically reducing military assistance is hardly the way to assist such countries as Colombia, Peru, Venezuela, and the new Guatemalan Government, which face active—and undemocratic—insurgent movements.

As for the charge that U.S. military assistance induces an arms race in Latin America, the contrary prevails. By virtually cutting out the military sales program—which would be the effect of the Senate amendment—we cut the Latin American nations loose to purchase military equipment from every persuasive dealer in the world. The effect would be to undermine inter-American efforts to adjust defense measures to real exigencies. Those Latin American military forces that exercise dominant roles in their own countries would then have free reign to satisfy their temptations to acquire unnecessary, but prestigious, sophisticated equipment. And it is unlikely that the United States could bring

much influence to bear upon foreign arms dealers, eager for sales and indifferent to their impact upon the Latin American scene. In this case, we would shortly find a miniature arms race on among those countries in Latin America which have old boundary disputes and rivalries. The unhappy result would also mean the expenditure of scarce resources for unnecessary, costly, sophisticated weaponry.

In short, the Senate amendment will not reduce the penchant of some Latin American military forces to intervene in domestic politics. It will weaken the hemisphere's efforts to cope with the wars of terrorism and insurgency promised by the Tri-Continental Congress, held in Cuba last December. It will free those Latin American military establishments who wish to enhance their prestige by acquiring sophisticated equipment to shop around. And it will start the arms race which the amendment's proponents seek to avoid.

Mr. Chairman, I believe it is important to note that no amendment of this nature was adopted or even offered in the House of Representatives, and I urge the House conferees when they meet with their Senate counterparts to strongly oppose this particular Senate provision.

(Mr. SELDEN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

"(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;"

(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively.

(3) Subsection (c) is amended to read as follows:

"(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such members of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Board shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

"(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act

as liaison for the Administrator to involve specific private enterprises in such programs and activities.

"(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

"(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act."

(b) Section 608(a), which relates to advance acquisition of property, is amended by inserting "(including personnel costs)" immediately after "costs" the first place it appears in the first sentence.

(c) Section 610(b), which relates to transfer between accounts, is amended by striking out the last sentence and inserting in lieu thereof the following: "Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year for use in Vietnam may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam."

(d) Section 614(a), which relates to special authorities, is amended by adding at the end thereof the following new sentence: "The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression."

(e) Section 620, which relates to prohibitions against furnishing assistance, is amended as follows:

(1) The first sentence of subsection (1) is amended to read as follows: "No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or is participating officially in any international conference to plan activities involving insurrection or subversion, directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased, or such participation has ceased, and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, or that such participation will not be renewed or repeated."

(2) Subsection (1) is amended to read as follows:

"(1) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of this Act, providing protection against the specific risks of convertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b) (1)."

(3) Subsection (n) is amended by striking out "the President shall consider denying assistance" and inserting in lieu thereof "no assistance shall be furnished".

Mr. MORGAN (interrupting the reading). Mr. Chairman, I ask unanimous consent that that portion of the bill

starting on page 15, line 1, part III, chapter 1—General Provisions—and going over to line 3 on page 19 be considered as read and open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and it is so ordered.

AMENDMENT OFFERED BY MR. FARBSTEIN

Mr. FARBSTEIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARBSTEIN: On page 19, immediately after line 3, insert the following: (4) At the end of such section 620, add the following new subsection:

"(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports to the President of the Senate and the Speaker of the House that such assistance is essential to the national interest of the United States."

Mr. FARBSTEIN. Mr. Chairman, the Congress has already declared its feelings about the troublemaker of the Middle East, Mr. Nasser, in barring any renewal of aid to his country under Public Law 480, the food-for-peace program. I believe the bill before us today would be deficient if a similar provision were not included. I, therefore, introduce an amendment to prevent any assistance to the United Arab Republic under this legislation. Admittedly, there is no provision for aid to the United Arab Republic in the current foreign aid bill. However, the door is not closed—particularly to development loans. I believe we must close it as decisively as we can. That is the intent of this amendment.

I need not dwell unduly on the proof that President Nasser pursues a policy diametrically opposed to ours in the Middle East. Our intention is to promote peace. His is to promote tension, instability and war. He keeps 70,000 soldiers in Yemen for aggressive purposes. He has sent arms to the Congo and elsewhere in the volatile lands to his south. He has sought to deprive us of the use of Wheelus Air Force Base in Libya. He has discriminated against our citizens. He has burned our libraries. Perhaps most outrageous, he uses the aid we give him to free his own funds so that he can buy arms from Communist countries with which to make war.

Many of my colleagues have joined me in pointing out this country's mistake in aiding the United Arab Republic. Congress has consistently, over the years, expressed its opposition to our encouraging the Nasser rampage, which is how our continued assistance must be interpreted. My amendment would end this unwise policy once and for all. I call upon my colleagues to join me in barring American assistance to an aggressor, once and for all.

SUBSTITUTE AMENDMENT OFFERED BY
MR. HALPERN

Mr. HALPERN. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from New York [Mr. FARBSTEIN].

The Clerk read as follows:

Substitute amendment offered by Mr. HALPERN to the amendment offered by Mr. FARBSTEIN: Immediately after the word "reports" on line 3 of the amendment add the following: "within 30 days of such findings",

and immediately after the last word in the amendment, strike the period, add a comma, and add the following: "and further that such assistance will neither directly or indirectly assist in aggressive actions by the United Arab Republic."

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, for myself, I am satisfied in the interests of bipartisanship to accept this amendment to show the Arab countries that we in this United States are united in our disgust with the activities of Mr. Nasser.

However, I must submit to the wishes of the chairman, and, if he will agree to accept this amendment, I will be pleased on my part to do so.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, this amendment is not as vital as the argument would indicate. I have no strong opposition to either the amendment offered by the gentleman from New York [Mr. FARBSTEIN], or to the amendment to the amendment offered by the distinguished gentleman from New York [Mr. HALPERN]. The amendment prohibits assistance to the United Arab Republic unless the President finds such assistance is essential to the national interest of the United States. There is very little assistance in this bill for the United Arab Republic, only a limited technical assistance program, that runs around \$2,200,000.

What this program consists of, is a technical assistance program to provide a couple of university teams over there to show those people how to grow more food and to improve their production. All of this \$2,200,000 is spent for services of Americans. The United Arab Republic does not get a dime under this act.

Mr. HALPERN. Mr. Chairman, I believe I have the floor.

Mr. MORGAN. If the gentleman believes this amendment is helpful and effective, the chairman of the committee is willing to accept both amendments.

Mr. HALPERN. Mr. Chairman, if I may proceed I rise to offer an amendment to the one now before us. I am in agreement with the intent of the amendment presented by the distinguished gentleman from New York [Mr. FARBSTEIN], who has done so much effective work in this field. I have a similar but broader, amendment at the desk, and the language I now offer would conform the amendments into one. In adopting my amendment, I believe the bill will thereby be perfected and strengthened. I could not be more pleased than with the acceptance of my amendment by the gentleman from New York.

I want to make clear that this language reflects the collective views of many of my colleagues. I want to particularly commend another able gentleman from New York [Mr. TENZER] for his efforts in helping to develop meaningful and unequivocal legislation which we trust will be included today in the Foreign Assistance Act. Likewise, much credit must go to the gentlemen from

New York [Mr. RYAN and Mr. WOLFF] as well as to the gentlewoman from New York [Mrs. KELLY], a member of the committee, all of whom have been most helpful. I would be remiss if I did not mention the superb cooperation and assistance given by the gentlewoman from Ohio [Mrs. BOLTON] and the gentleman from Indiana [Mr. ADAIR], the ranking minority members of the committee, who have contributed so much toward this bipartisan effort to cut off aid to Nasser's United Arab Republic.

It is significant and gratifying to know that the amendment has the full support of the minority leadership. I hail this unanimity.

Mr. Chairman, I feel my amendment is necessary in order to be more specific and to preclude any misinterpretation of the intent of this House.

Despite this overwhelming and enthusiastic expression of support, I feel it important to the legislative history of this legislation that I explain the amendment and its objectives in further detail. The amendment I offer adds the following language to the amendment previously read:

First. To the clause in the gentleman's amendment which asks the President to report to the Congress that assistance to the United Arab Republic is "essential to the national interests," my amendment specifies that the report be submitted within 30 days of such findings.

And, secondly, I would add a new provision in the presidential proviso by adding after the words "essential to the national interest," such phrase being in the gentleman's amendment, the following new language: "that such assistance will neither directly nor indirectly assist aggressive action by the United Arab Republic."

I have added a definite time limit of 30 days because I believe that the word "report" in the gentleman's amendment is vague and open to misinterpretation. The Congress must be informed of the reasons for and the amount of any assistance which the President determines essential to our national interest. So, if we are going to have a Presidential report, let us at least be specific and tell him both where and when to submit it.

And, most importantly, in order to indicate that we do not wish at any time, either directly or indirectly, to contribute to Nasser's aggression, I have added a further condition that the President must prove that any waiving of our no-aid provision will not in any way assist, directly or indirectly, aggressive actions by Nasser. Further, this provision should close the door once and for all for any possible assistance to Nasser under this act. By his own avowed aggressive policy, and his offensive actions in Yemen alone, he would be eliminated from any Presidential waiving of this amendment. That is why I recommend writing it into the bill as my amendment does.

Why is this new condition needed? I will tell you why. There is already a very broad antiaggressive clause as part of the existing act, section 620(i). But I must point out that this is a general clause and does not pinpoint specific

countries, such as my amendment does in the case of the United Arab Republic. This is important, I believe, because the clause in the general sense has, to my knowledge, never been implemented by the State Department. Despite Nasser's repeated aggressive actions, the State Department has failed to label Nasser an aggressor and refused to suspend aid to his country. That is because, I believe the present all-inclusive, general clause is just that—all too inclusive and too general.

Now, by naming Nasser's United Arab Republic individually, and by inserting this specific antiaggressor section—my amendment, as it amends the gentleman's—will place the burden upon the State Department to prove that Nasser is not an aggressor nation. They must prove that the United Arab Republic is not fomenting strife in the Middle East, or elsewhere if he wishes to earn any aid from us.

Mr. Chairman, it is not unique for Congress to single out nations in the Foreign Assistance Act. No less than 19 nations are mentioned specifically by Congress which are not permitted to receive U.S. aid.

In fact, we have in the past singled out the United Arab Republic itself. I refer you to the amendment this House adopted by voice vote on June 9, on the amendment by the gentleman from New York [Mr. RYAN], restricting title I sales of food to the United Arab Republic under the Food for Freedom Act. I also refer you to last year's Foreign Assistance Appropriations Act, expired as of June 30, which in a fashion very similar to the gentleman's amendment, imposed restrictions on aid to the United Arab Republic.

Secondly, Presidential reports and determinations submitted to the Congress are an accepted procedure to the Foreign Assistance Act. I refer you to sections 512, 620 (l) and (j) among many others.

Mr. Chairman, the phrase "essential to the national interest" is the language accepted in existing limiting legislation. It is used in the restriction on aid to certain other countries. It is used also in both the Food for Freedom Act and the Foreign Assistance Appropriations Act to which I just referred.

But that phrase in itself is much too broad, and leaves too many loopholes, which have in some instances been taken advantage of.

That is why I am trying through the language of my amendment to close escape hatches and require the President to submit specific findings to Congress. My amendment will include additional restrictions and closely defined areas for exemptions.

For the reasons cited by the gentleman from New York and by many of us during the general debate on the bill, I would not take the time now to list the numerous indictments against Nasser and why, if we have any self-respect as a nation, we should eliminate the United Arab Republic from our assistance programs.

No one is less entitled to our aid, and no one has made more of a mockery of our program than the Egyptian dictator.

In view of these continuing transgressions on the part of this "Castro of the Nile," I can see no possible justification for the United States furnishing a single dime to the United Arab Republic.

With the adoption of the amendment before the House, and with the inclusion of my amendment, we can finally serve notice on Nasser, and to the State Department, that we no longer tolerate flagrant misuse of our funds—nor do we plan to underwrite aggression in the Middle East.

I urge my colleagues to support this long overdue but crucial suspension of aid to an aggressor nation and to vote for my amendment and then for the amendment of the gentleman from New York.

Mr. TENZER. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from New York.

(Mr. TENZER asked and was given permission to revise and extend his remarks.)

Mr. TENZER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York [Mr. FARBERSTEIN] and the amendment to the amendment offered by the gentleman from New York [Mr. HALPERN], which prohibits assistance under this act to the United Arab Republic except under clearly defined circumstances. Under the proposed amendments any aid to the United Arab Republic would be prohibited unless the President finds not only that such assistance is essential to the national interest of the United States but he must also find that such assistance will not encourage aggressive actions by the United Arab Republic. In addition under the proposed amendment the President must report within 30 days after such findings to the President of the Senate and the Speaker of the House of Representatives.

Last year I supported and voted for an amendment to the 1965 agriculture appropriations supplemental bill which prohibited the financing of shipments of agricultural products to the United Arab Republic. The other Chamber, in its wisdom, added to this amendment the language which allowed the President to authorize such sales where he determined such sales to be in the national interest of the United States. When the conference report reached the House floor, the Senate version of the ban was approved by the House, by overwhelming voice vote. I supported the Senate version of the ban.

As I stated in the House at that time, February 9, 1965:

Mr. Speaker, my position with respect to aid to Egypt and other countries dedicated to a course of world aggression remains one of strong opposition. I joined my colleagues when we expressed this feeling as the sense of the Congress last week by voting to cut off shipments of surplus food to the United Arab Republic.

The question before the House yesterday, Monday, February 8, 1965, was not

one of reaffirming this position or changing it. Rather, the question was whether the sense of the Congress should be expressed in a manner contrary to the traditional separation of power and responsibility in the sphere of foreign affairs. The amendments added by the other body is one acceptable to me as it was acceptable to a majority of the Members of the House.

I would not want to see the hands of the President tied because of our expression of opposition. It is more fitting to convey our feeling to the Chief Executive without impairing the flexible position required to negotiate with other countries. The other question before the House was whether to tie the hands of our committee going into conference on the bill.

Our feelings have been conveyed in a responsible manner. Let us hope that the United Arab Republic will understand its full meaning and significance.

I have actively participated with my colleague, Congressman FARBERSTEIN, a member of the Committee on Foreign Affairs, and my colleague, Congressman HALPERN, in the preparation of three amendments.

The language in the proposed amendments before the House today goes even further and strengthens the ban on aid to the United Arab Republic by requiring the President to report his findings within 30 days, and that any such aid to the United Arab Republic is in the national interest and will not be used for aggressive purposes.

The burden will be on the President to justify his action to the Congress while the constitutional power of the President to manage the foreign affairs of the Nation will not be violated.

On the broader question of aid to the United Arab Republic and our military assistance program in general, I would like to express my disappointment in the continuing arms races in various areas of the world. We must not permit our aid to be diverted so as to encourage aggression or subversion. We must continue to support those who represent the hope for peace in the world.

I have supported our economic aid programs in the Near East and in other areas of the world in order to assist the economic development of areas which are unstable and in order to achieve peace and stability throughout the world. I continue to believe that you cannot change the politics of a hungry man.

While we have made strides in assisting the economic development in the Near East through our economic aid program, the people of that area continue to suffer as a result of the arms race, and the aggressive attitudes of the United Arab Republic. Massive shipments of arms by the Soviet Union to the United Arab Republic and to other Arab States have escalated the arms race and as a result of increasing the defense requirements of the nations in the area, further economic progress has been and is being hampered.

Because of the belligerent attitudes and aggressive actions by the United Arab Republic, the proposed amendments now before this Committee are necessary and also because of the increased activities of the Palestine Liberation Front the amendments are time-

ly. By passing these amendments, Congress will have spoken out in clear terms and the executive branch will retain the constitutional responsibility for conducting foreign affairs, while at the same time meeting its obligation to report to Congress the findings we must have to justify further assistance to the United Arab Republic.

I believe the amendments are sound and I am pleased to join with my colleagues from New York in urging their adoption by the Committee of the Whole House.

GENERAL LEAVE

Mr. TENZER. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the distinguished gentleman from New York, my able colleague from the Borough of Queens [Mr. ADDABBO].

Mr. ADDABBO. I thank the gentleman.

Mr. Chairman, I rise at this time in support of the principles contained in the amendment offered by the gentleman from New York, my colleague, Mr. LEONARD FARBSTEIN, and for the substitute amendment offered by my colleague, the gentleman from New York, Mr. SEYMOUR HALPERN, to H.R. 15750, the Foreign Assistance Act of 1966.

At this time, I wish to express my opposition to further extension of aid to those countries which have been damaging our Nation's policy interests and materially have been disrupting peace throughout the world. In whatever form it might be, assistance abroad becomes definitely an arm of American foreign policy. We do not wish that newly free states, who are weak and insecure at the present time, to lean too heavily upon enemy forces, as we are a civilized nation and one of our foremost endeavors at this time is to extend our knowledge and surplus commodities to meet human wants. However, on the other hand we do not wish those countries presently receiving our aid to abuse such by diverting its resources to war engagement and making it possible to avoid the cruel internal demands which arise. In this sense, the soundness of American aid, I feel, has already been damaged by countries such as the United Arab Republic.

As an illustration, a few weeks ago, a visitor to this country, Saudi Arabia's King Faisal made a derogatory statement in answer to a question asked of him as to what country he regarded as his worse enemy—the United Arab Republic or Israel when he replied that Egyptians remained the brethren of the Saudis. Jews from outside Israel, he was quoted as saying, had taken over the home of the Palestine Arabs and were therefore guilty of aggression. Is this not a hostile attitude to take after receiving aid from us? I cannot refrain from mentioning here that I be-

lieve all of us admire the contributions those of the Jewish faith have given to us here in the United States, as well as throughout the world.

I feel because of the specific section of this bill concerning U.S. aid to the United Arab Republic, a need is necessary for this amendment to delineate precisely our policy toward the United Arab Republic. Therefore, I support wholeheartedly the stand taken by these two distinguished gentlemen from New York, in their respective amendments on this subject.

I wish to commend at this time the outstanding work the chairman of the Foreign Affairs Committee here in the House of Representatives, has done, as well as the members of said committee, in presenting this important bill to us today.

(Mr. ADDABBO asked and was given permission to revise and extend his remarks.)

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from New York.

Mr. FARBSTEIN. I should like to a short statement in connection with the remarks made by my distinguished and beloved friend. I know that this bill contains only a very small sum of money for the United Arab Republic, but a contract may be, and probably will be, signed with Mr. Nasser, insofar as the sale of surplus foods under Public Law 480 is concerned.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mrs. KELLY. Mr. Chairman, I move to strike the requisite number of words.

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, I rise in support of the amendment and I take exception to remarks of our chairman of the Foreign Affairs Committee.

I have been pleased to cosponsor the amendment offered by our able colleague, the gentleman from New York, Congressman FARBSTEIN. I believe that this amendment is fully consistent with the policy embodied in the legislation before us. It is a part of the American tradition that our Government has consciously endeavored to eliminate discrimination and to promote respect for the rights of all our citizens.

We have followed this policy in our domestic affairs and we have made it an integral part of our approach to other nations.

We have advocated and supported all the peoples' right to self-determination.

We have come out openly against policies of discrimination, whether such discrimination is based on race, color, or creed.

And we have included an expression on this point in the statement of policy which is contained in section 102 of the Foreign Assistance Act.

Mr. Chairman, I believe that the amendment proposed by the gentleman from New York simply carries out the principle which has been firmly established in our foreign policy for many years. It is a sound principle and one

which gives outward expression to our respect for the dignity of all men.

I urge the adoption of the amendment.

Mr. FARBSTEIN. Mr. Chairman, I move to strike the requisite number of words.

I should like to pursue further the statement I started to make earlier.

I started to say, when the time expired, that consideration is being given now to a renewal of a contract with the United Arab Republic under Public Law 480.

The language of the amendment, and as contained in the other amendments referring to Public Law 480 suggests that no assistance be given unless the President determines that it is essential in the national interest of the United States.

That is all right with me. There is nothing in this bill, however, even if this amendment is adopted—and I understand it has been accepted on both sides—to prevent any development loans from being made to the United Arab Republic if the President finds it is in the national interest.

I want to put all of those who have the authority to make any agreements, insofar as development loans are concerned, with the United Arab Republic and the sale of surplus foods under Public Law 480, that we in this Congress, on both sides, as I said earlier, look with disgust upon the activities of the United Arab Republic.

The statement of the chairman to the effect that we are flag waving is not correct. I believe this is serious business and that mature consideration be given before we make any contract or agreement to aid the United Arab Republic, keeping in mind the feelings of the Congress as expressed in the amendment I just offered which was accepted unanimously as amended by the gentleman from New York [Mr. HALPERN]. I want to thank the gentleman from New York [Mr. TENZER] for the assistance he has rendered in this and also the gentleman from New York [Mrs. KELLY] for her support and the numerous others in the House who echo my sentiments.

Mr. FASCELL. Mr. Chairman, I rise in support of the amendment.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I rise in support of the amendment by the gentleman from New York [Mr. FARBSTEIN].

Before the United States enters into commitments to supply additional food to Nasser, the officials of the Department of Agriculture and of the State Department should take a long, hard look at the record.

It is probably fair to say that during the last several months Nasser's words and acts have been somewhat less objectionable than in previous years.

Nevertheless, the United Arab Republic continues to draw on its very limited resources to build up its military establishment. All of the resources of Egypt are needed to improve the living conditions of the poverty stricken people of that country. They should not be used to accelerate an arms race to the detriment not only of the people of the United

Arab Republic but to all of the people of the Near East.

Nasser continues to cultivate the U.S.S.R. His policy apparently continues to be to put pressure on the United States to assist him by threatening to throw in his lot with the Russians.

The Egyptian Army is still in Yemen, and there is no evidence that the withdrawal of these forces is being accelerated.

It seems to me that the United States should be firm with the Government of the United Arab Republic rather than follow a policy of appeasement. If Nasser wants to be friendly and cooperative, let us reciprocate. If he wants to give aid and comfort to our enemies and publicize unfriendly statements about the United States and our policies, let him make his own way without our help.

There have been numerous reports of private conversations with officials of the United Arab Republic, who said that beginning last fall Nasser was turning over a new leaf, that he wanted to cooperate with the United States.

In my judgment, the United States should pay more attention to what Nasser does than to what he or his emissaries say. Let us wait until his performance justifies such action before we resume food shipments.

The situation in the Middle East is always in considerable turmoil—the Arab-Israeli conflict; the division in the Arab world; and the constant probing of the Soviets to take advantage of every opening requires constant awareness on the part of our diplomats for shifts in emphasis, programs, and diplomacy while adhering to fundamental principles of U.S. policies in the Middle East.

An interesting discussion on some of the complexities, background, and actions which are continually shifting in the Middle East are set forth in a recent article in the Wall Street Journal by Philip Geyelin, which I commend to my colleagues:

[From the Wall Street Journal, June 22, 1966]

ARAB-WORLD PERIL—FAISAL VISIT POINTS UP WIDENING MIDEAST RIFT ALONG COLD-WAR LINES—SAUDI ARABIAN LEADER SEEKS FIRM U.S. STAND ON UAR; SOVIET ROLE IN AREA GROWS—A NEW RUSSIAN NAVAL BASE?

(By Philip Geyelin)

WASHINGTON.—The Russians are on the prowl again in the Middle East, and in a manner which raises sharp questions about just how fundamentally the character of the Cold War may have changed.

The popular notions currently have it that Vietnam is the really crucial conflict; that infiltration and subversion and guerrilla wars of liberation are the great danger, with outright Communist take-over as their aim; and that the Russians pose less and less of a threat to Western interests while the Chinese loom more and more as Public Enemy No. 1. Most top U.S. policy-makers find something to be said for all this.

But King Faisal ibn Abdul Aziz al Saud is here in Washington this week to tell President Johnson that his own oil-soaked kingdom of Saudi Arabia and a clutch of other Mideast monarchies are now menaced, actively if indirectly, by a growing Communist threat of Russian origin. As King Faisal sees it, the Soviets are rapidly ex-

panding their bid for influence over the Arab "socialists" running Egypt, Syria, Iraq and Algeria, and actively wooing non-Arab but Moslem Iran. From all the evidence, the king wants more resolute U.S. support for the Arab "conservatives"—notably Saudi Arabia, Jordan and Kuwait—as a counterpoise.

INCREASED ALARM

Without accepting all of this assessment, many U.S. Government experts and private authorities are likewise expressing increased alarm over the latest turn of Mideast events. To some, the current scene is all too reminiscent of the situation a little more than a decade ago when the Russians were lining up their arms deal with Egypt's Gamal Abdel Nasser, nailing down grandiose aid deals such as the one for building Egypt's Aswan Dam, and otherwise plunging deeply into the struggle for influence in the Arab world.

The scale of Soviet activity is more modest now, and the approach is somewhat subtler. "Last time the Russians openly challenged the West, stirred up Cold War tensions, scared the Syrians into union with Egypt, wound up alienating Mr. Nasser and almost wrecked their own cause," recalls one U.S. veteran diplomat. "This time they're moving on title cat's feet instead of bear's paws."

But intelligence reports and other gleanings leave no doubt of quickening Russian interest and activity. In part, the evidence shows a steady increase in the Russian Mideast effort in recent years, including the striking-up of trade relations with even such staunchly anti-Communist nations as Kuwait; the beginnings of a major economic collaboration with traditionally pro-Western Iran (featuring \$260 million in Soviet credit to build a steel mill, in exchange for Russian access to Iranian natural gas); a general increase in Russian diplomatic, economic and military missions (at last count, some two-thirds of all Soviet military and technical personnel overseas were in the Mideast; and, according to some analysts, an abnormally high proportion of former intelligence specialists in key positions in Russian embassies in the Arab world (by one count, 5 of the 11 Soviet ambassadors to Arab states are onetime intelligence operatives).

NEW RED ACTIVITY

But there are also signs of a recent spurt in the Russians' activity, timed with Soviet Premier Kosygin's visit to Cairo last month.

Item: Though few results of that visit were revealed, many experts are convinced the Soviet chief nalled down arrangements for Egyptian repair-and-maintenance facilities for Russian warships and some, reportedly including King Faisal, fear that actual naval bases for Russia may ultimately be involved. At the least, this could mean warm-water ports for Soviet naval vessels in a part of the world where the U.S. Sixth Fleet now operates without challenge.

Item: Mr. Kosygin almost certainly used the influence of Russia, as the principal underwriter of Egyptian economic development to encourage Mr. Nasser to carry on with his fruitless, stalemated "war" on behalf of Yemen's republican government. Mr. Nasser's United Arab Republic (the UAR is no longer "united" with anybody since the rupture with Syria) has as many as 70,000 soldiers committed to stamp out the stubborn resistance of the royal Yemeni royalist forces. Russia's real motive, many onlookers believe, is to keep Mr. Nasser actively engaged on the tip of the Arabian Peninsula until the British pull out of Aden, next door to Yemen, leaving that British stronghold and the affiliated South Arabian Federation vulnerable to possible Nasserite inroads a few years from now.

Item: Soviet propaganda lately has been trumpeting, and Soviet diplomacy has been busily promoting, the cause of "Arab social-

ism" with mixed success. Iraq and Algeria, for example, have so far stood aloof from any tight "Arab socialist" cabal. But Russian efforts to promote improved relations between the UAR and Syria's new, arch-leftist government, which boasts at least one avowed Communist in the cabinet, show more signs of progress. Despite mutual suspicions and hard feelings growing out of the collapse of their short-lived union, both sides have been obediently trying to patch things up, since being urged publicly to do so by the Soviets last month.

By way of increasing the Russian "presence" in Syria, as well as Russian leverage, Moscow has just promised the new Syrian government up to \$100 million in credits to finance a start on a new dam on the Euphrates which Soviet propagandists are promoting as "another Aswan."

The aim in all this, as most U.S. experts see it, is not the classic Communist take-over. Only in Syria are local Communists much in evidence. Instead, the immediate objective is to stir dissension in general, and, in particular, to provoke an open, violent quarrel between the so-called Arab nationalists, with their Marxist economic doctrines, and the monarchies, whose allegiance is largely with the Western "imperialists." By sharpening this struggle, the Russians could hope, first, to force the U.S. to take sides openly and decisively with the ancient, "conservative" kingdoms and shiekdoms while the Soviets ride the socialist "wave of the future." The theory, of course, is that the latter would in time turn out to be the winning side.

Ultimately, as this strategy is projected by analysts here, the hope would be to expand Russian influence over the entire Mideast. This could enhance Soviet military power (as with naval bases). More important, it could give Russia heavy influence, if not outright control, over the production and marketing of Mideast oil to consumers in the West. "The Russians don't need Arab oil for its own sake," says one U.S. authority. "But they'd dearly love to dictate the terms under which we get it."

Something else the Soviets might or might not welcome is the effect all this could have on the basic Arab-Israeli dispute which cuts across all other Mideast conflicts. Getting tied inextricably to the Mideast kings and sheiks would be awkward enough for the U.S. But if the Arab "revolutionaries" should wind up as the wave of the future, and sweep over the remaining "conservative" strongholds, the U.S. could wind up in the Mideast as the champion of Israel and little else, with the Soviets in the corner of those pledged to "Palestine liberation" by force. The upshot could be a U.S.-Soviet confrontation on an issue neither wants to fight about.

DREAD OF "POLARIZATION"

Nobody is saying that things actually will turn out this way. But dread of the very "polarization" the Soviets now seem to be promoting, with visible success, has been the major motivation of U.S. policy in the Mideast in recent years. The whole purpose has been to treat each country case-by-case and try to get along with all of them, rather than invite formal anti-Communist alliance only with friendly, staunchly pro-Western Mideast states, as was done in the Eisenhower days.

Against this backdrop the Faisal visit here takes on added significance, for its timing could scarcely have been less opportune. Quite by accident (the visit originally was planned for a year and a half ago), the Saudi leader is arriving at a moment when most of the nasty things that Mr. Nasser and the Soviets are saying about him have at least a ring of truth.

He has just received a batch of U.S. ground-to-air Hawk missiles and British Lightning jets and shortly will have some

1,500 U.S. and British technicians on hand to help him handle this new weaponry. He is loudly propounding a new approach to "Islamic solidarity" which Mr. Nasser is as loudly denouncing as an "imperialist" effort to construct a new kind of anti-Communist Baghdad Pact.

And now, here is King Faisal in Washington, asking for more specific assurances of U.S. support. By some accounts, the king wants the U.S. to cut further aid to the UAR until President Nasser takes his troops out of Yemen. A six-month, \$55 million surplus food agreement with the UAR expires at the end of this month, though food shipments under its terms will stretch into the fall. Mr. Nasser urgently needs the food. He is heavily in debt to Russia for arms and is critically short of foreign exchange to buy foodstuffs elsewhere. What he would really like is another long-term food deal similar to a three-year arrangement which the Johnson Administration refused to renew a year ago; the intent was to pressure Mr. Nasser into settling the Yemen conflict and adopting a generally less hostile attitude toward the U.S.

The word is that the king also wants this country to define more precisely the circumstances under which it would come to Saudi Arabia's aid in the event of a UAR attack.

PROMISES COULD BE DANGEROUS

U.S. officials are disinclined to meet either of these demands. For one thing, the Kennedy Administration committed the U.S. in 1963 to help defend the Saudis against aggression. More precise promises could be dangerous simply because the Saudis themselves are involved in helping the Yemeni royalists and the fighting could be carried all too easily across the Saudi-Yemen frontier under circumstances that might make it difficult to tell just who was at fault.

But Mideast "polarization" is the major argument for caution, the policymakers contend. Too close U.S. alignment with Saudi Arabia would only advance the process, as, of course, would an abrupt cut-off of aid to the UAR. Yet President Johnson is in a box. King Faisal's pitch is bound to have powerful appeal in Congress, where sentiment is already strong for cutting off foreign aid to all but the most worthy, pro-Western, anti-Communist recipients.

The upshot is likely to be a compromise when the Saudi king and the U.S. President wind up their conversations today. The U.S. commitment to Saudi defense will probably be reaffirmed, privately if not publicly. The knotty question of aid to Mr. Nasser will be left in limbo. It has no place in any public resume of the Johnson-Faisal huddling. Privately, the king may be given some assurances that U.S. food aid to Mr. Nasser will be doled out on a month-to-month basis, if at all, after the present agreement runs out in an effort to continue the pressure on Mr. Nasser to adopt a more conciliatory tack.

But King Faisal may well be asked to pledge that the Saudis also will be a bit more conciliatory in a fresh effort to solve the Yemen mess. Most officials here contend that King Faisal was as responsible as Mr. Nasser for the collapse of an agreement between the two men last November which was supposed to lead to a settlement in the Yemen. One possible first step: An arrangement by which Saudi Arabia might cooperate in a new plan to provide surplus U.S. food to both sides in the Yemen war. The hope is that such a move might not only help ease famine conditions in the Yemen but perhaps improve the atmosphere for a renewed try at a political settlement.

None of this, however, offers any guarantee of healing the Faisal-Nasser breach or of easing the wider "polarization" threat in the Mideast. The Soviet hold on Mr. Nasser is strong. King Faisal, according to some who know him, may well believe that economic distress within the UAR, coupled with the strains of the Yemen campaign, may well

bring Nasser down—and that this is a compelling argument for a continuing hard line.

Meantime, the Soviets can be counted on to use their influence to fuel the wider inter-necine Arab strife. Whether this effort will match in scope the first big, postwar Russian drive in the Mideast, begun in 1954, is still impossible to say. "But I wouldn't sneer at a man who argued it was 'another 1954,'" says one knowledgeable U.S. diplomat. "I'd listen intently."

Mr. GALLAGHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to compliment the gentlemen from New York [Mr. FARBERSTEIN and Mr. HALPERN] for rendering a fine public service and especially so our chairman, the gentleman from Pennsylvania [Mr. MORGAN], and the gentlewoman from Ohio [Mrs. BOLTON], who have accepted this amendment. I would like to point out that this amendment has been agreed to by both sides, and I urge that in the interest of time we move along and vote on it.

Mr. RYAN. Mr. Chairman, I rise in support of the amendment and the amendment to the amendment.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I have consistently urged that this House make perfectly clear our intent that there be no economic assistance or agricultural aid under the Public Law 480 program and now the new food-for-freedom program to the United Arab Republic.

Mr. Chairman, yesterday I spoke in favor of the pending bill, stressing the importance of foreign aid as an ally in a dynamic foreign policy and its role in assisting the developing nations to achieve economic independence and self-sustaining growth. I feel strongly that the United States has an obligation to help relieve the economic and social problems of the developing world. At the same time, our economic assistance should not be abused, and the program must be administered in the interest of world peace and stability. Certainly our aid must not be allowed to subsidize aggression.

I have repeatedly urged on the floor of this House that economic aid and Public Law 480 assistance not be granted to the United Arab Republic as long as she continues to threaten Israel and carry on aggression in the Middle East. Congress has written language into the foreign aid bill expressing this as the intent of Congress.

The United Arab Republic, formerly Egypt, has been threatening Israel ever since that democracy gained its independence. The United Arab Republic has invaded Yemen and is currently carrying on aggressive action against that nation. More recently, Nasser has threatened invasion of Saudi Arabia.

In 1963 the Foreign Assistance Act was amended to include section 620 which provided that no assistance was to be provided to any country which the President finds is engaging in, or preparing for, aggressive military efforts directed against any country receiving assistance under the Foreign Assistance Act or any other act.

It is clear from the report, the debate in 1963, and debates in later years on the floor that this so-called aggressor nation clause was directed against the United Arab Republic.

In addition, in 1964, Public Law 480 was amended to provide that no sales shall be made to any country if the President finds such country is "an aggressor in a military sense against any country having diplomatic relations with the United States." Again the clear intent of the Congress was to deny aid to the United Arab Republic.

When the State Department failed to implement that intent, we again amended Public Law 480 in 1965 to make the prohibition even more specific. It read:

No sale under title I of this act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States.

Only last month, on June 9, the House adopted my amendment to the new food-for-freedom bill to prevent food sales to the United Arab Republic unless the President determines such sales to be in the national interest.

Mr. Chairman, in the face of the expressed will of the Congress, the United Arab Republic has continued to receive economic assistance and agricultural commodities under Public Law 480. Time and again, the State Department has flaunted congressional intent.

Under the pending Foreign Assistance Act amendments economic assistance will be continued for fiscal year 1967 and fiscal year 1968.

Nevertheless, the committee's report expresses the view that:

Economic assistance should be withheld from countries which persist in policies of belligerence and in preparation for their execution.

This is certainly correct. This language is aimed at Egypt, but the bill itself does not mention that country. This must be spelled out. Therefore, I support the amendment and the amendment to the amendment.

Mr. Chairman, it is ludicrous for this Nation to allow itself to pay for both sides of an armed conflict. We should rather use our aid in an effort to end these conflicts. The most direct way of doing this is to keep American aid from those nations which maintain aggressive policies.

The pending bill also includes a provision which prohibits aid to nations which officially participate in international conferences called to plan activities involving insurrection or subversion against the United States or against countries receiving United States assistance.

Mr. Chairman, I urge the President and the Department of State to heed the will of Congress on this issue.

The past intent of Congress is unequivocal, but it has been frustrated by the administration. Despite the obvious fact that the United Arab Republic has carried on, is carrying on, and plans to continue to carry on aggression against her neighbors, especially the state of Israel, the State Department has

continued to send aid to that nation. The State Department is not unaware of what is happening in the Middle East. It has deliberately ignored the Congress in its decisions on Egyptian aid.

Mr. Chairman, we all remember Nasser's statement that the United States could take its aid and go "jump in a lake." One would think the message was clear enough.

Here is a breakdown of the aid that has gone to Egypt through fiscal year 1965:

Grants	\$68,100,000
Loans	103,200,000
Surplus foods	850,700,000
Eximbank loans	47,800,000
Other	11,100,000

Total..... 1,080,900,000

Mr. Chairman, it is time to end aid to the United Arab Republic. In the past, our assistance has permitted that nation to divert its economy to the production of cotton which has been bartered to Soviet Russia in return for arms—which have then been used for armed attacks in the Near East. This cycle must be halted.

Last month we did begin to halt the process. The House on June 9 voted to adopt my amendment to curb food sales to the United Arab Republic as a part of the new food-for-freedom program. At that time I said that neither our surplus food program nor our economic aid program "should be used to subsidize aggression by nations which receive our aid." The House concurred, and started to close the ring on Nasser. Let us tighten it today with adoption of the pending amendments.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I am happy to yield to the gentleman from New York [Mr. WOLFF].

Mr. WOLFF. Mr. Chairman I rise in support of the amendments proposed by my colleagues which would cut off all aid to the United Arab Republic unless the President determined that it was in the interest of our national security to do otherwise.

There should be little doubt in anyone's mind that the United Arab Republic is the greatest threat to peace in the Middle East. In his quest to become the leader of the entire Arab world, Nasser has taken up arms against several of his peace-loving neighbors. Because of Nasser's ambitions, little Israel has had to constantly be on the alert against attack. He has placed 60,000 of his troops in Yemen, a small nation in which a civil war only exists because of Nasser. Nasser supported the Communist inspired "Stanleyville" rebels in the Congo. Also, there are indications that Nasser is training troops to fight with the Vietcong in South Vietnam.

I can think of no reason at all for aiding Nasser: He is a merciless dictator. He has proven himself over the years to be a vile opportunist who has no love for America or what we stand for. He has consistently taken our aid especially food intended for his hungry people and resold it for arms with which to attack his neighbors. He has employed West German scientists in an attempt to develop even more deadly weapons than

those which the Russians have so graciously provided him. He has instigated revolutions in many of the nations surrounding him—fortunately with little success. He is hated by most; loved by few—certainly he is not any sort of ally of the United States.

It is difficult to conceive by any stretch of the imagination how aid to such a man will be in the national interest of the United States. By his past performance we all know that all further aid will get us is more denunciations, more burned libraries, and more aggression. Therefore, I enthusiastically back the amendments offered by my colleagues to amend this year's Foreign Assistance Act.

(Mr. WOLFF asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I yield to the gentleman from New York [Mr. KREBS].

Mr. KREBS. Mr. Chairman, I rise in support of the amendment and the amendment to the amendment, and to compliment both the gentlemen from New York [Mr. FARSTEIN and Mr. HALPERN] for presenting them to this body.

Mr. RYAN. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I also rise in support of the amendment and the amendment to the amendment. I have never voted for any amendment to tie the hands of the President in the conduct of foreign policy, and I believe this amendment will not tie his hands but in effect will strengthen his hands in dealing with the UAR, because the UAR will know that we will insist upon their refraining from aggression.

Mr. RYAN. Mr. Chairman, I yield to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Chairman, I rise in support of the amendment and the amendment to the amendment.

I support the measures to eliminate the provision in the foreign aid bill providing several million dollars in aid to Nasser's United Arab Republic.

I voted against this aid because history shows that any aid of any kind, no matter how beneficent the project, to a state bent on military aggression strengthens the warmaking power of that state. It releases, for military use, resources which would otherwise have been spent for peaceful purposes.

The facts amply demonstrate that Nasser's present policy is generating throughout the Near East armed conflict, a wastage of manpower and material resources desperately needed in domestic development of all the Middle Eastern nations, and threatens general conflagration in the entire region.

Nasser's record of aggression is clear and unmistakable.

He has been involved militarily in the internal struggles for control of Yemen.

He is promoting the United Arab Military Command which results in channeling our aid and Arab internal resources into a destructive and ever-escalating Middle East arms race.

He is forcing nations like Jordan, Saudi Arabia, and Lebanon to add to their

weapons stockpiles, and forgo urgently needed internal development programs.

He entered into extensive new commitments with the Soviet Union during his recent visit to Moscow, to purchase ultramodern Soviet arms, jet bombers, tanks, and SAM missiles, which will further escalate the Near East arms race.

He stated four times in 1965, and again this year, that war with Israel is inevitable.

He has attacked our policies in Vietnam.

He encourages Arab refugees to believe that they will destroy Israel and he arms them.

He harasses our British allies in Aden.

He still bars Israeli shipping from the Suez Canal.

I do not believe we should vote funds to nations which, like the United Arab Republic, are engaged or threatening to engage in armed aggression.

(Mr. SCHEUER asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I yield to the gentleman from New York [Mr. KUPFERMAN].

Mr. KUPFERMAN. Mr. Chairman, I rise in support of the amendment to the amendment of the gentleman from New York [Mr. HALPERN]. I support both the amendment and the addition.

The minority views to the report—House Report No. 1651—of the Committee on Foreign Affairs on H.R. 15750, the Foreign Assistance Act of 1966, at page 66 states as follows:

In December 1964, President Nasser of the United Arab Republic told the United States to "jump in the lake" because U.S. Officials expressed irritation over the burning of the U.S. Embassy library in Cairo. *The United Arab Republic has been the recipient of \$1,080,700,000 of economic assistance, most of it since 1960.*

It is shocking to me that the aggressive actions of the United Arab Republic against its neighbors, such as Israel, that great bastion of democracy in the Middle East, and against the United States itself, should bring forth largesse.

(Mr. KUPFERMAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I yield to the gentleman from California [Mr. REES].

Mr. REES. Mr. Chairman, I rise in support of the amendment and the amendment to the amendment.

[Mr. REES addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. HALPERN. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman.

Mr. HALPERN. Mr. Chairman, I want to express my appreciation and my enthusiasm for the support which has come from both sides of the aisle for my amendment. At the same time, Mr. Chairman, since I did not have the opportunity to finish my comments and some further observations based on today's colloquy, I ask unanimous consent

to revise and extend my additional remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RYAN. Mr. Chairman, I yield to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Thank you for yielding.

Some years ago I assured my colleagues on the Committee on Foreign Affairs the gentleman from New York [Mr. FARBERSTEIN], that I had enlisted in this war for the duration. I am still in the thick of the battle. I am for the amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman.

Mr. GALLAGHER. Mr. Chairman, I am afraid we might overkill this amendment, and I suggest we vote.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from New York [Mr. HALPERN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment as amended offered by the gentleman from New York [Mr. FARBERSTEIN].

The amendment as amended was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On Page 17, line 24, strike out "the President determines".

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I have listened with great interest to the debate and the comments over the amendment and the amendment to the amendment we have just adopted, and I would like to point out to the Members of the House very early in that discussion the chairman, the gentleman from Pennsylvania [Mr. MORGAN], pointed out he did not feel the amendment should produce as much energy as the Members were putting into it since it was not being applied to the necessary part of the problem, which was the sale of foodstuffs to the United Arab Republic.

Mr. Chairman, my amendment applies to that section, the Agricultural Trade Development and Assistance Act of 1954, which is the area about which the chairman was concerned.

Now, secondly, Mr. Chairman, I would like to point out to the Members of the Committee of the Whole House on the State of the Union that I am not trying to cut anything from the bill. This is not a dollar cutting amendment. This is a progressive amendment, to block a loophole that exists in the present law.

Mr. Chairman, if the Members of the Committee will commence reading a page 17, all I do is delete the phrase, "The President determines," and then the language goes on to apply to nations pre-

paring for aggressive military efforts, or participating in activities involving insurrection or subversion, etc., directed against the United States, any country receiving assistance under this act, or any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

However, Mr. Chairman, I leave in the act the next line which states: "until the President determines that such military efforts or preparations have ceased."

Mr. Chairman, under the language contained in the bill the problem that will develop, unless my amendment is adopted, is that you will force the President to pick up this hot potato with reference to any nation—for example the United Arab Republic—which is carrying on an aggression.

Mr. Chairman, the purpose, then, of my amendment is to remove the President from the immediate "hotbox" of having to determine that these military efforts are being directed against the United States or countries specified under this section of the act.

Mr. Chairman, what we should do is put the burden on the aggressor country, the country causing the problem in any particular case.

Mr. Chairman, again, I emphasize that my amendment is aimed at the United Arab Republic.

Mr. Chairman, the President, through the State Department, could turn to them and say, "The law that the Congress passed requires me to suspend this aid." Therefore, it is not the President who has this problem. The Congress has made the decision. The President can say that the Congress has given him the flexibility to determine that such military efforts or preparations have ceased, and "your money can then be restored to coverage under this program."

So, Mr. Chairman, I believe my amendment is perfectly compatible with that idea and with that I urge the adoption of the amendment.

Mr. MORGAN. Mr. Chairman, I move to strike the last word.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I wonder if we adopt the gentleman's amendment and take out the words, "the President determines," who is going to make that determination?

I believe, Mr. Chairman, through this process we would make the amendment meaningless. I know that this amendment was presented by the gentleman from Alabama [Mr. SELDEN] who is the chairman of the Latin American Subcommittee and I know the gentleman gave it a great deal of thought and very careful consideration. I am concerned that we may be making the amendment meaningless by removing the words "the President determines."

Mr. DERWINSKI. If the Chairman will continue to read the language of the bill, in line 10, page 18, there is another Presidential determination, but that is on the basis of the President determining that the military effort and preparations have ceased.

What I envision is rather than the President having to turn to any aggressor country saying, "I have determined that you are an aggressor, and therefore I am terminating the aid you are receiving under this program," we create the situation where they must convince the President that they have ceased their preparations and their efforts.

This would help the President, since it does not put the immediate and direct burden upon him. It makes the cutoff automatic, and then they must prove lack of aggression to the President.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, while the gentleman certainly is trying to make a meaningful contribution to this dialog and to this bill, he states that he is removing a loophole but at the same time he is creating a crater.

One of the problems is that if you remove this determination then who shall make the determination? Who shall set the guidelines? This Presidential determination is a very tricky area. I think the Congress has considered this many times when it included the language that presently exists in section 620(i) of the bill as enacted.

For these reasons, Mr. Chairman, and so that we do not undermine the amendment that has just been adopted as offered by the gentlemen from New York [Mr. FARBERSTEIN and Mr. HALPERN], and in view of other prohibitions that exist, I urge that the Committee vote this down.

Mr. SELDEN. Mr. Chairman, since the amendment of the gentleman of Illinois [Mr. DERWINSKI] refers to a section of the bill that is the result of an amendment offered by me and adopted by the House Committee on Foreign Affairs, perhaps it will be of value to the Members to point out the purpose of this particular section.

Section 620(i) of the Foreign Assistance Act as presently constituted, prohibits assistance under this or any other act, including sales under the Agricultural Trade Development and Assistance Act of 1954, to any countries which the President determines is engaging in or preparing for aggressive military efforts directed against the United States or against any countries receiving assistance from the United States. The addition to this section, included in the legislation now before the House, extends that prohibition to include countries officially participating in any international conference planning activities involving insurrection or subversion directed against the United States or any nation receiving U.S. assistance.

This addition to section 620(i) of the Foreign Assistance Act evolved from concern which I felt regarding the composition of the delegations attending the Tri-Continental Conference hosted by Castro in Havana in January. The Tri-Continental Conference blatantly outlined the new Communist concept of "simultaneous wars" to be waged by several armed "national liberation forces" at the same time.

The Conference established a Solidarity Organization of African, Asian, and

Latin American Peoples, which in turn established a Committee on Assistance and Aid to Movements for National Liberation—to be located in Havana—and a Permanent Executive Secretariat of the Solidarity Organization to coordinate armed insurgencies on the three continents, also to be established in Cuba. The second Tri-Continental Conference is scheduled for Cairo in 1968.

As chairman of the Subcommittee on Inter-American Affairs, I have been particularly concerned with the serious implications these developments have for the peace and security of the hemisphere. The Organization of American States expressed its alarm regarding the aggressive intentions of the Tri-Continental Conference in a resolution of condemnation approved February 2 by a vote of 18-0 with only Mexico and Chile abstaining.

The Subcommittee on Inter-American Affairs held hearings last February on the Havana Conference, and it was learned that delegates from some 82 countries participated in it. During these hearings it was brought out that some of the delegates attending the Conference, while technically not official representatives of their governments, in a number of cases were there with the official approval of those governments. In several instances, the delegates were even members of the cabinet or of the foreign service of countries receiving foreign aid from the United States.

It seemed to me deeply ironic that the United States should be providing assistance to countries whose officials engage in plotting the kind of subversion and insurgency which would render impotent the long-range economic and social progress that are the goals of U.S. foreign assistance.

During the hearings on the Foreign Assistance Act, officials of the Department of State indicated that it was doubtful that present legislation would apply to such conferences. My amendment is designed to extend the provisions of the Foreign Assistance Act to cover such circumstances; in short, to discourage such nefarious activities on the part of officials of supposedly friendly nations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The amendment was rejected.

AMENDMENT OFFERED BY MR. THOMSON OF WISCONSIN

Mr. THOMSON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMSON of Wisconsin: On page 18, immediately after line 15, insert the following:

“(2) Subsection (k) is amended to read as follows:

“(k) Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise, or for carrying out any program, with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. No provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection.”

And renumber the following paragraphs accordingly.

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wisconsin. Mr. Chairman, this amendment proposes to reenact in this law a provision which was first made a part of the law in 1963.

The Committee on Foreign Affairs will remember, and probably this Committee will remember, that the aid program was intending in those days to erect a steel mill in India at a cost of about \$500 million. After considerable study in the Committee on Foreign Affairs it was determined that some limitation should be placed on the administrative agency as to the amount that they could spend without the prior approval of the Congress.

This provision was in the 1963 act, and in the 1964 act. It expired in September of 1965. But I think it is more essential than ever, although there is no Bokaro Steel Mill on the horizon. The bill we are now considering is a 2-year authorization bill. The committee will not have an opportunity for 2 years to review the proposals that are being made by the administrative agency, and it is conceivable that they have some dreams about some expensive projects which should be the subject of congressional review and approval before a vast amount of money, such as was the case in the Bokaro Steel Mill proposal, is made available, or a commitment is made which might even to a degree be felt to bind the Congress.

I think this bill should have this provision reenacted so that we retain some degree of congressional control over sums of money in excess of \$100 million.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the chairman.

Mr. MORGAN. Can the gentleman give the House the assurance that this is the same language which was in the 1963 and 1964 act?

Mr. THOMSON of Wisconsin. Yes; this was drafted by the staff, with the help, I believe, of others who advise me it is the identical language which was in the 1963 and 1964 acts.

Mr. MORGAN. I remember that that language was sponsored at that time by the gentleman from Michigan [Mr. BROOMFIELD] and was particularly intended to apply to the construction of the steel mill in India. If this is just an additional section having the same effect as the provision of the 1964 and 1965 acts, the gentleman from Pennsylvania has no objection to the gentleman's amendment.

Mr. THOMSON of Wisconsin. I can give the chairman the assurance of the staff who drafted this amendment that this is identical with the language that was contained in the 1963 and 1964 acts, and I believe it would be a fine addition to this proposal that is to run for a period of 2 years. It would retain in the Congress some control over these sums of money.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from Indiana.

Mr. ADAIR. It is my understanding

that similar language is in the bill reported out in the other body, and we on this side would be delighted to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. RUMSFELD

Mr. RUMSFELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUMSFELD: On page 15, immediately after line 21, insert the following:

“(3) In subsection (b), strike out “and” at the end of paragraph (6), as so redesignated by paragraph (2) of this subsection; strike out the period at the end of paragraph (7), as so redesignated by paragraph (2) of this subsection, and insert in lieu thereof a semicolon; and at the end thereof add the following new paragraph:

“(8) utilize the services of United States private enterprise on a contract basis to provide the necessary skills to develop and operate a specific project or program of assistance in a less developed friendly country or area in any case in which direct private investment is not readily encouraged, and provide for the transfer of equity ownership in such project or program to private investors at the earliest feasible time.”

And renumber the following paragraph accordingly.

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

(Mr. RUMSFELD asked and was given permission to revise and extend his remarks.)

Mr. RUMSFELD. Mr. Chairman, this amendment is to section 601(b) of the Foreign Assistance Act. This entire section deals with the encouragement of free enterprise and private participation in our overall aid effort and contains various recommendations of specific tools to do the job.

My amendment would add to these tools the utilization of cost-plus-incentive-fee contracts with U.S. private firms to develop and operate specific programs of development in emerging nations. Personally, I would prefer tax advantages to organizations undertaking such activities, but such a proposal would not be germane to this bill. However, under such contracts, provision would specifically be made for a transfer of ownership to private investors at the earliest feasible time, as well as transfer of management to citizens of the host nation.

The advantages of this approach are clear. Existing programs of encouragement for private enterprise are not adequate. The investment guarantee program, it has been argued by many, helps only in marginal situations where the business firm already has an interest in making an investment, but is concerned about the risk of the venture. In some situations, the investment would undoubtedly be made even without the benefit of the guarantee.

Often, programs of assistance have been vulnerable to criticism because of mismanagement or inefficiency. This is to be expected when governments try to run business enterprises in areas where they have no knowledge or experience. Jose de Cubas, president of the Westinghouse Electric International Co., has

advocated such Government-business partnerships as those authorized in this amendment because "the element of risk could be held to a minimum while the efficiency of individual corporate efforts—and the competitiveness of group efforts—could be maximized."

Through the use of a cost-plus-incentive fee contract system, AID could identify projects of merit, for example a fertilizer plant or food processing business activity, and bring them to the attention of business firms with competence in the area, offer to help finance the venture and get the job done even though under normal criteria investment would not be warranted, due to risk or the difficulty of access. Once the plant or project became operable, early transfer of the equity interest could be planned. The training of local personnel who would be trained to run the business should be structured into the program at an early date.

Mr. Chairman, this concept has received the endorsement of the National Citizens Commission Committee on Technical Cooperation and Investment, which reported to the White House Conference on International Cooperation last December. Its recommendation No. 28 appears in the June 1966, report of Congressman FASCELL to the House on page 43. This approach has also been recommended by the Advisory Committee on Private Enterprise in Foreign Aid, in their report of July 1965, appearing in the CONGRESSIONAL RECORD of July 13, 1966, page 14741. Some representatives of AID contend that AID may now have the authority to make this kind of a contractual arrangement. Others seem to disagree. The fact of the matter is that AID is not now making use of this potentially valuable tool of development, as I believe it should.

It is the purpose of my amendment to provide congressional support for the use of the incentive contract as one method of bringing the enormous resources of U.S. private technology and management to bear on the problems of development.

This is what the United States has to offer—management skills, technical knowledge, and the private market system. And this capability exists in private enterprise—not in the U.S. AID Agency. Let us work from our strength.

I hope that the distinguished Chairman and the able ranking minority member of the committee will accept this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. RUMSFELD. I yield to the Chairman of the committee.

Mr. MORGAN. I have discussed this amendment with the gentleman from Illinois, and he has assured me that this is not compulsory. As long as there is flexibility in it for the agency, it is acceptable to the gentleman from Pennsylvania.

Mr. RUMSFELD. I thank the Chairman. Indeed, it is my intention that it be permissive and not mandatory, and that it simply be one of the tools available for AID to use, which they are not now using and which I would like to see them use.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. RUMSFELD. I yield to the gentleman from Indiana.

Mr. ADAIR. I have also had an opportunity to read and study this amendment. I have discussed it with the members on this side. I am quite willing to accept it.

Mr. RUMSFELD. I thank the gentleman from Indiana.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. RUMSFELD. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of the gentleman from Illinois' amendment and also to commend him for introducing this amendment.

The content of the amendment and his remarks are in keeping with comments I have made since my arrival in Congress whenever legislation relating to foreign aid is presented or being discussed. With consistency, I have stressed the overwhelming need for more involvement and commitment on the part of the private sector and a lesser emphasis in the public sector in the economic assistance categories of our foreign assistance programs.

I am pleased to observe the many improvements in the bill that recognize this concept—the trend toward loans and away from grants—the firm restriction against providing aid to Communist countries such as Cuba—the investment guarantee as provided in title III—the section admonishing the President to encourage recipient country to improve its climate for private investment as a necessary element in economic development and the establishment of an International Private Investment Advisory Council on Foreign Aid.

These are all tremendous improvements and make it very tempting for me to want to vote for the bill. However, with the rapidly changing international situation, I cannot go along with the 2-year authorization proposed removing the annual review by the Congress.

Many of my friends in the Congress and some of my constituents who have visited Vietnam have advised me of the improper administration and mismanagement of the AID programs. Senator GRIFFIN, of Michigan gave a very revealing report of the problems on his return from Vietnam. There are many similar reports from other sections of the world. Too often, we have been propping up corrupt governments in countries with the people for whom the aid was intended actually turning against Americans because they feel we are in cahoots with these corrupt leaders. Indonesia and Sukarno has been the most glaring example. When we got tough and cut off aid, the people in the country took the initiative and deposed this political leader in what has proven to be one of the greatest victories over communism of our time. The climate for private investment, I am told, is improving daily.

With the amount of money available in the pipeline, I am convinced the acceptable parts of the program can continue without being jeopardized, thereby

permitting a substantial decrease in the required monetary authorization.

The heavy drain on our gold reserves caused by this program is very evident to anyone familiar with the problem. This situation becomes more serious with each passing day. As many of the Members know I have always been an advocate of the "more trade—less aid" philosophy. Careful review of private investment internationally will reveal a favorable impact on our balance of payments where the public sector commitments represent the major drain or deficit factor on our gold reserves. This must be checked and reversed if we are to maintain our competitive position in the field of international trade. That is the principal reason for my raising these objections today calling for a more frugal commitment of funds, hopefully to establish a foreign assistance program that will be mutually beneficial to the people of the recipient country and to the people of the United States. As I said before, we are moving in the right direction but we have not gone far enough, fast enough. Therefore, I will vote for the motion to recommit the bill with the purpose of cutting the authorization from 2 years to 1 year, thus permitting an annual congressional review. We cannot abdicate our responsibility. We, as representatives of our people, owe this review and reporting to our constituents—the American taxpayer. It is their money we are spending.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RUMSFELD. I yield to the gentleman from Iowa.

Mr. GROSS. I note with interest the mellowness of the chairman of the Committee on Foreign Affairs. I think hereafter I shall wait until the end of the day to offer my amendments in the hope that they will be accepted.

Mr. RUMSFELD. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. RUMSFELD].

The amendment was agreed to.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, ever since the Castro regime seized power in Cuba, I have endeavored with every means at my disposal to bring to bear increasing economic pressure on that regime.

Over the years, we in the Congress have enacted numerous measures to withhold assistance to Cuba, to restrict the availability of free world shipping to the island and to limit the categories of goods that may be available to the Castro regime.

As a member of the Committee on Foreign Affairs I have sponsored and supported various initiatives within the Congress of the United States, designed to achieve these objectives.

In 1961, for example, we enacted the basic provision of section 620(a) of the Foreign Assistance Act, denying aid to the present Government of Cuba.

In 1962, we extended section 620(a) to prohibit assistance to countries aiding the Castro regime. We also authorized the imposition of an embargo on trade between the United States and Cuba—a very effective and far-reaching move which I was happy to cosponsor in the House.

In 1963, we went a step further. We placed a prohibition on the importation of Cuban sugar into the United States. We also extended the policy of economic denial by enacting far reaching provisions designed to inhibit the availability of free world shipping to Cuba.

That same year I offered an amendment which was approved by the House of Representatives to forbid the use of our contributions to international organizations for the provision of technical assistance to the Castro regime.

In 1964, we incorporated the shipping provisions in the Foreign Assistance Appropriations Act.

In 1965, together with a number of my colleagues I initiated efforts to have the U.S. Delegation to the Intergovernmental Maritime Consultative Organization oppose Cuba's attempts to gain admission to that organization.

This year we continued our efforts with a two-pronged attack.

First, I offered an amendment embodied in section 107(b) of the Foreign Assistance Act of 1966, calling on the President to assure that no part of our contribution to the United Nations development program may be used for projects of technical assistance to Cuba while Cuba is governed by the Castro regime; and secondly, I offered a second amendment, embodied in section 301(e) (3), prohibiting assistance to certain countries—including Cuba—which fail to take appropriate steps to prevent ships or aircraft under their registry from transporting equipment, materials or commodities to or from North Vietnam.

Each of the steps which I have just described, together with efforts which we have exerted in other areas, was designed:

To isolate the Communist pariah of the Western Hemisphere from normal economic intercourse with the nations of the free world;

To demonstrate to the peoples of the American Republics that communism has no future in this hemisphere;

To make clear to the people of Cuba, including those who are a part of Castro's present power structure, that the Cuban Castro regime cannot serve their interests;

To reduce the will and the capability of the Castro clique to export subversion and violence to other American states; and,

To increase the cost to the Soviet Union of maintaining a Communist outpost in the Western Hemisphere.

This progressive application of economic pressure, combined with our other activities, has been effective. It has contributed to the increasing disorganization and bankruptcy of the Communist system imposed on that island.

Mr. Chairman, we must continue in these efforts. I urge that the House overwhelmingly adopt the two amendments

to the Foreign Assistance Act of 1966 which I have just described, adding another brick to the wall of economic isolation and pressure which must in time bring down the Castro regime.

Mr. ZABLOCKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the bill to amend further the foreign assistance act of 1961 pending action by the other body contains a chapter which provides assistance for population control.

These amendments to the Foreign Assistance Act of 1966 pending in the other body set a dangerous precedent since they authorize specifically birth control action programs under foreign aid without setting out very necessary safeguards.

At present the Agency for International Development is financing programs of family planning abroad through section 211 of the Foreign Assistance Act.

Nowhere in the legislative history of the foreign assistance act is birth control mentioned or provided for.

I have, therefore, branded the present AID programs of birth control as "illegal," and have protested their continued operation.

Apparently because my arguments are well founded, certain Members of the other body who favor birth control introduced two amendments providing for programs during Foreign Relation Committee consideration of the bill. They were adopted and are part of the bill which will be presented to the other body.

While the amendments would have the effect of giving congressional authority to the present birth control programs under AID, it would make the problem worse by not providing the necessary congressional safeguards.

They would in effect give the executive branch a blank check to doing anything it pleased in this area with foreign aid money.

It could finance programs of sterilization and abortion—which would be repugnant to the moral beliefs of the great majority of the American people.

This is not a remote possibility. Right now in India that Government is paying men to be sterilized—about \$10 to \$20. Further the Indian Health Minister is on record as having said that only abortion would solve India's population problems.

The provisions would allow U.S. funds to be used to bribe men to have themselves sterilized. It would permit our aid money to pay for the murder of children yet unborn.

Can we in Congress, in conscience, give this power to the executive branch? Should not so delicate and sensitive a subject be left in the hands of the elected representatives of the people?

I am not saying that the executive branch will begin widespread support of abortion clinics. In fact, current departmental regulations would not allow it.

But such rules can be changed—without Congress or the public being aware that they have been changed.

Further, there are powerful lobbies at work right now in our country seeking to have abortion and sterilization accepted in Federal programs as legitimate ways of limiting population growth.

The American people will not accept such a socially destructive solution to population growth. But we must not discount the possibility that some public officials—under pressures from Malthusian groups—might without fanfare put the United States firmly behind abortion and sterilization abroad.

For example, the Washington Post of Sunday, March 13, carried a news item about a scientist who proposes a search for two chemicals, the first to sterilize the entire population of a country and a second to reverse the process and allow a couple which had Government permission to have a baby.

The news story quoted Dr. Alan Guttmacher, president of the Planned Parenthood-World Population as saying that he had a gloomy forboding that such a plan might be necessary for some emerging nations which have growing populations.

Clearly U.S. support for such a program would be possible, without congressional approval, under the proposed Senate amendments.

No such provisions were offered or considered by the Foreign Affairs Committee or this committee. I urge, therefore, that the House conferees when they meet with the conferees of the other body to strongly oppose the Senate provisions.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, section 301(e) (3) of this bill amends section 620(n) of the Foreign Assistance Act of 1961 as amended. Section 620(n) relates to the prohibition against furnishing assistance to countries which permit ships under its registry to carry cargo to North Vietnam.

I offered the original amendment in committee in 1965 which placed this prohibition in the Foreign Assistance Act. The original language of my amendment as accepted by the committee and finally by the House required that aid be cut off to those countries which had failed to take appropriate steps within 60 days to prevent ships or aircraft under its registry from transporting equipment, materials or commodities to or from North Vietnam. I felt at that time that the 60 days was a sufficient time in which to warn these free world countries that they must comply with the law or have further aid terminated.

The Senate had no comparable provision but accepted the House language with a modification. The modification provided that the President "shall consider denying assistance" instead of the inflexible requirement that assistance must be terminated to countries whose ships and aircraft under its registry call on North Vietnam.

The Senate argued that the language of the House bill afforded little negotiating leverage because most of the countries whose ships are still in the North Vietnam trade receive little or no assistance from the United States. The major nation with ships in this trade—the United Kingdom—no longer receives either economic or military assistance from the United States. The United States is making high-level diplomatic representations to obtain free world cooperation in getting ships and planes out of the North Vietnam trade, and a number of vessels have already left the trade because of commercial and safety considerations.

The House accepted the argument that negotiations on this matter would be more effective if there was not a rigid requirement that aid be terminated.

The amendment contained in this bill, Mr. Chairman, removes that flexibility which the House accepted during the conference on the Foreign Assistance Act of 1965. I offered this amendment in committee because I believed that the full impact of our foreign aid program should be brought to bear wherever and whenever such action could contribute to bringing the war in Vietnam to a satisfactory conclusion. It was my firm belief that the period of over 1 year which has expired since the amendment was originally adopted is more than sufficient time to have prepared for the termination of aid to the remaining free world countries who still allow their aircraft and ships to carry cargo to North Vietnam.

There has been a very definite improvement in this situation. In calendar year 1965, 256 free world flagships from countries, not all of which received our aid, visited North Vietnamese ports. During the first 3 months of this year, only 36 such vessels have visited North Vietnam. Although there has been a sharp decrease in shipping by free world countries to North Vietnam, I still do not believe that the United States should continue to furnish assistance in any form to any country actively assisting North Vietnam by permitting their ships to transport supplies and materials. It was for this reason that I offered the amendment which removed the discretionary power of the President to terminate assistance to countries trading with North Vietnam.

The Clerk read as follows:

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Section 624(d), which relates to the Inspector General, Foreign Assistance, is amended by adding at the end thereof the following new paragraph:

"(8) Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with

such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph."

(b) Section 635(h), which relates to general authorities, is amended by inserting "(except development loans)" immediately after "II, V, and VI".

(c) Section 637(a), which relates to administrative expenses, is amended by striking out "the fiscal year 1966 not to exceed \$54,240,000" and inserting in lieu thereof "each of the fiscal years 1967 and 1968 not to exceed \$57,387,000".

Mr. MORGAN (interrupting the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. FRELINGHUYSEN

Mr. FRELINGHUYSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRELINGHUYSEN: On page 20, line 7, strike out "each of the fiscal years 1967 and 1968" and insert in lieu thereof the following: "the fiscal year 1967".

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, I am about to test the validity of the argument that perhaps it is best to offer amendments late in a debate on a bill of this character. I would trust and even have some expectation this amendment may be accepted. It simply would make necessary an annual authorization for administrative expenses of the foreign aid program.

I recognize this may require a half day of the time of the Foreign Affairs Committee in 1967, but I would assume that this would not be putting an undue burden on that committee.

The Deputy Administrator of AID, William S. Gaud, came to the committee at the end of April and testified with respect to administrative expenses.

He requested some \$57,387,000 for the year 1967. He pointed out that there were a variety of reasons why these administrative expenses increased from year to year. He said, for example, that inflation abroad, Federal personnel procedures, and Federal pay raises had resulted in an increase from 1966.

He pointed out further the importance with a 5-year program of having an open-ended authorization for administrative expenses, because, as he put it, it would be impossible to be specific with respect to future years.

I would like to quote what he said on that point:

Mr. GAUD. Ordinarily it is easy for us to predict for the year ahead what we are going to need for administrative expenses or for other programs. For some of these programs, however, it is very difficult for us to predict, and it is true of administrative expenses, precisely what we are going to need 2, 3, 4, 5 years ahead.

I refer to the testimony on page 628 of the hearings.

He mentioned also, in answer to a question by the chairman of our committee, that it would be best to have an open ended authorization. This testimony is on page 625 of the hearings:

But it is pretty hard to sit here today and calculate with any degree of accuracy what our administrative expenses will be over the next 5 years. That is why it seems to us reasonable to ask you to authorize such funds as may be necessary.

Mr. Chairman, we did not follow the suggestion of Mr. Gaud. We authorized a specific sum, a sum for fiscal 1968 which is completely arbitrary. No case was made for any amount for 1968.

I would suggest it would be far better, and certainly no violation of anybody's time or responsibility, for our committee to consider next year just what the AID program will need to handle its administrative responsibilities for the fiscal year 1968.

For that reason, I urge consideration of a 1-year authorization for this aspect of the foreign aid program.

If there are no questions, I yield back the remainder of my time.

Mr. BURLESON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have been through this now a couple of times—once specifically and once in general.

I believe it was made abundantly clear yesterday the reasons why we have this program on a 2-year basis, and especially the administrative end of it.

Again, it seems to me that the gentleman from New Jersey rather clearly makes a case for a 2-year authorization. I have not seen anything about any of these programs getting any cheaper. We are in inflation. It would seem to me it would be a pretty good thing, if for no other reason, to settle, for the year after next, on the same basis as to administrative cost as is to be provided for the coming fiscal year.

In addition, Mr. Chairman, there is a question of morale. In many instances it is a favorite theme for some of us to give the bureaucrats or the administrators of these programs a bad time. To criticize government personnel seemingly reminds us of our own actions in supporting certain legislation and this may be the classic example.

As I said yesterday, on this same principle, we have some able people. We will have people who will be able to do a better job if they can plan over a 2-year period. When they do not know whether they are going to be in this setup for more than 1 year, it seems to me it constitutes a very awkward situation and contributes to a feeling of uneasiness. That does create a lack of high morale in the administration of the program.

It seems to me for many practical reasons, and especially in this regard, it is necessary, and certainly highly desirable, to permit this section to remain intact, along with the other sections.

I would favor retaining the 2-year authorization for this section than any other in the bill. I think the reasons for doing so are practical and substantial.

What would we do? If we are not to have a 2-year authorization for administrative purposes would we have to come in with a part of a foreign aid bill next year, just for personnel or for some other section of the bill? If we are to have a foreign aid bill, we had better come in with a bill such as we are considering now, rather than to fragment this and come in to make a case on a particular section. If there is to be a program I want to see the best one which can be produced. In my opinion it will not be good enough but it certainly should not be worse.

I hope that the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN]. The amendment was rejected.

Mr. RIVERS of South Carolina. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, over the years I have opposed this legislation because I conscientiously do not believe that the military assistance should be handled by the Committee on Foreign Affairs. I believe that is under the jurisdiction of our committee. But that is a fact of life and it has gone on. I believe it should be separated, but it is not and there is nothing to be gained at this point.

Since I have become chairman of the Committee on Armed Services I have had to travel a lot. Last year I traveled to the Far East, and to Korea. I saw our allies who are the direct beneficiaries of this bill under the military assistance program.

The 19 divisions of Koreans are dependent upon this legislation for their assistance. They have 23,000 men fighting side by side with our boys and they committed another division. The F-5 airplane was built under this program. It is the only new airplane we have in our inventories. There is no other new airplane. Under the McNamara program we are forced to use the F-5 airplane in our armed services, and this military assistance program built that plane.

Mr. Chairman, I also visited Taiwan and saw the need and the dependence which the Nationalist Chinese have for this legislation in order to keep their army, navy, and air force going.

Everybody knows what we are doing in Vietnam. When we had the supplemental appropriation bill before our committee Secretary McNamara told us that he could not separate the MAP money from his own appropriated funds for Vietnam.

I have also visited Thailand and I know the great logistical help that they are giving our military as a result of this program.

Mr. Chairman, I have searched my conscience and knowing this and what these allies are doing for us and knowing that this is the only place I can help them and also being your representative on the Committee on Armed Services, I feel that I must reappraise my position. Therefore, this year, despite the features which may not be pleasing to me, I feel in good conscience I must support this

legislation, and this is what I am going to do.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 20, line 8, strike out "\$57,387,000" and insert in lieu thereof the following: "\$51,648,300".

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, this is another constructive amendment. It cuts less from the bill than any other amendment I have introduced when I have been accused of trying to gut this sacred piece of legislation. All we are trying to do with this amendment is to reduce approximately \$5.7 million from the administrative expenses. I would like to remind you that 10 years ago this AID Agency, under whatever name it carried at the time, had approximately 11,500 employees. Now, with the direct employees and contract personnel, the figure is approximately 18,000 employees. This is a runaway administrative setup. Since we have rejected the attempt to limit administrative expenses just to 1 year, I think it would be prudent at least to put a limit on the dollar amount of administrative expenses. I do not think \$5¾ million would be an amendment that could be described as gutting the bill. I think it is a very healthy restraint on the runaway administrators of this program. The top Administrator, who comes and goes year after year, people like Mr. David Bell, who arrived with great fanfare and who we hope will master their assignments. Just about at the time that we on the committee think he may be able to make some administrative improvements in the program, these people throw up their hands in frustration and take off for institutions such as the Ford Foundation. So, unless we have some practical administrative restraint, I do not know how we will accomplish any savings. The only administrative restraint that I know that bureaucrats acknowledge is a dollar restraint. I think it would be perfectly consistent with the efficiency everyone wants for this program to delete \$5¾ million from the administrative expenses of the program. Mr. Chairman, we are at the conclusion of the bill, the only other thing that follows will be a sound motion to recommit. I think we can close on a very diplomatic and progressive note by accepting my amendment.

Mr. Chairman, I believe that the adoption of my amendment would represent a wonderful conclusion to the very fascinating, although to some of us, frustrating day here in the House of Representatives.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. For a question, but not for a statement.

Mr. JOELSON. Mr. Chairman, I would like to know how many of these employees are now working either as Government employees or as contract employees in South Vietnam?

Mr. DERWINSKI. Too many, for the

very simple reason that we are fighting a war in Vietnam and at the very same time we are trying to follow a completely unrealistic aid program where we have not even subjugated the military infiltrators from North Vietnam.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, the figures available are with respect to May 30, 1966, and they reveal that there are 2,018 employees in Vietnam.

Mr. DERWINSKI. Mr. Chairman, may I point out to the gentleman from New Jersey [Mr. FRELINGHUYSEN] that the AID agency has been advertising for civilian employees for employment in Vietnam. They have a number of people who would like to go to Algeria, Cairo, and other glamorous spots, but few for Vietnam.

Mr. JOELSON. Casablanca.

Mr. DERWINSKI. It is a little difficult to administer this program under war conditions, and as the gentleman knows, we are at war in Vietnam.

Mr. JOELSON. Mr. Chairman, if the gentleman will yield further, the gentleman knows and I would say that there is no picnic in Vietnam and those 2,000 people are rendering a dedicated work which will do more to bring about peace than anything else about which I can think.

Mr. DERWINSKI. That is not at all the point. The point is that you are dispensing aid under this program to over 80 nations, without any real administrative control.

Mr. Chairman, the purpose of my amendment would represent a practical dollar restraint or administrative restraint.

Mr. Chairman, this certainly would be a good way of controlling the runaway bureaucracy.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, it always pains me to rise in opposition to an amendment which has been offered by the gentleman from Illinois [Mr. DERWINSKI]. His amendments always drip with compassion.

Mr. Chairman, if the amendment which has been offered by the gentleman from Illinois [Mr. DERWINSKI] is adopted I would like to point out that it will be gutting the program in dribble of "compassion."

Mr. Chairman, it is with great reluctance that I must oppose the gentleman's amendment.

However, I believe, while it is a nice little amendment, as the gentleman says, it really in effect does go to the heart of the program. On the one hand all of us here today have been urging that we have greater efficiency in Vietnam.

The gentleman from California [Mr. Moss] had an amendment adopted which will bring about this efficiency. It adds more people. At the same time, the very people who are interested in this econ-

omy are now asking us to go ahead and fire a lot of people indiscriminately.

Mr. Chairman, we cannot have a more efficient program and at the same time we do not have the personnel with which to carry out the efficiency that we are requiring of them.

Mr. Chairman, I believe we should keep in mind that this 2-year program that we are adopting really has a built-in cutting device, because this does not take into consideration the fact that there will be things which will come up over which AID has no control such as the small, bit-by-bit pay increase increments and overseas wages and compensation, and the like.

So, I believe that the amount of money about which the gentleman from Illinois is worried is going to be taken care of by extending this program to a 2-year program.

Therefore, Mr. Chairman, it is with great reluctance that I urge the rejection of this amendment. But, nevertheless, if we want efficiency, and that is what all of us want, we should vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The amendment was rejected.

Mr. ROONEY of Pennsylvania. Mr. Chairman, the fiscal year 1967 authorization request is one of the lowest requests ever presented by the President to carry out the foreign aid program. The minimum request is lower than that of any of the requests in recent years. In fact the request is over \$1 billion less than was requested only 3 years ago.

There is other evidence that the program is being tightly administered. Supporting assistance programs have been sharply reduced. Outside of Vietnam these funds have been reduced by more than two-thirds since fiscal year 1961. Programs have been terminated in 20 countries. Furthermore, the number of AID country programs has been reduced from 83 in fiscal year 1963 to a proposed 72 in fiscal year 1967.

This year's request, therefore, clearly indicates that the President intends to maintain an efficient aid program—one that is consistent with U.S. interests, but one that will be a minimum burden on U.S. taxpayers.

A large portion of the economic aid program is for Vietnam. Twenty percent of the economic assistance funds are planned for Vietnam, where they will be used to support vital U.S. objectives. This indicates clearly that programs for all the other countries are being held to a minimal level.

In considering the fiscal year 1967 request, the Foreign Affairs Committee has taken into consideration the executive branch's internal review of its proposal. Last fall, AID's internal review resulted in a reduction of two-thirds of a billion dollars—\$660 million—from the original proposals. This indicates that there was a tight review of the program even before the Foreign Affairs Committee examined the request in detail.

Furthermore, in approving the program for 2 years, the Foreign Affairs Committee has provided that there will be almost no increase in the amount of

funds authorized. The committee has clearly expressed its position that "those responsible for the administration of economic and military assistance should re-examine their priorities in an effort to accomplish more with less money." This means the program will have to continue to be tightly and efficiently administered.

Finally, I would like to emphasize that the foreign aid program—economic and military aid—continues to be a relatively small portion of this country's immense wealth. Our national wealth continues to grow. Our GNP is estimated to be greater than \$700 billion. In fiscal year 1967, the expenditures for the economic and military programs are estimated to be no more than one-half of 1 percent of the GNP—the same level as for the last 2 years. Relatively, therefore, the aid program is becoming a smaller portion of our total resources. It is becoming a smaller burden on the economy and the taxpayer.

The United States today is faced with many crises all over the world. I believe that in some ways the foreign aid program can help us to protect our interests in these turbulent times.

In my campaign, I indicated that the foreign aid program should be closely reviewed by the Congress and all unnecessary funds cut out. I believe the program has been carefully reviewed this year. In approving the request, the Foreign Affairs Committee stressed that the program must be focused on priorities. I believe that approval of this bill, which maintains a minimum program for the next 2 years, will assure us that the program will be focused on priorities, and that it will be, because it must be, administered very tightly.

Mr. Chairman, I urge the passage of the bill.

Mr. HORTON. Mr. Chairman, I have noted with considerable interest and attention the pace and content of these 3 days of debate on the proposed foreign assistance authorization which is now before us. Of particular significance is the fact that so many Members have taken an active role in the debate on this bill. Clearly foreign assistance is a subject touching everyone in the United States, just as every branch of foreign policy has national significance. I can hear in the words of my colleagues the views and concerns of their constituents around the Nation.

There can be no doubt about the wisdom of debating important facets of policy as thoroughly as we are now debating foreign aid. Because foreign aid is a crucial instrument of our foreign policy, I think it is essential that we in Congress have the opportunity to study the program thoroughly every year, so we can insure that the program will be responsive to the thoughts of our constituents and to changes in the international climate. There has been considerable talk around the country of the diminishing role of the Congress in matters of foreign policy. If there is one area where we have assumed a leading role in foreign policy, however, it is foreign aid.

Of course, there is something to be said for eliminating some of the uncertainty that is inherent in an aid program which must be reviewed yearly. But when we

offer assistance to an underdeveloped country, we are doing more than just entering into an economic transaction. Based on certain conclusions about the internal policies and problems of the recipient country, we are helping its people to help themselves to attain a better standard of living. At the same time, however, we are seeking to communicate to aided countries the value of the American way of life. This fact is recognized in a wise amendment added to this bill by our Foreign Affairs Committee, and it brings our aid program clearly within the scope of current foreign policy—it leaves something more than a purely economic decision to be made when the question of aiding a particular nation arises. It is this question, involving basic foreign policy, which we in the Congress must answer. Because of the volatile world climate, the answer will not necessarily be the same for a given country every year.

I think we should retain the single-year authorization, whereby Congress can make minor as well as drastic adjustments in foreign aid policy when such changes are justified.

As an example of how foreign aid serves as an instrument of foreign policy, the committee has added an amendment prohibiting assistance to nations which actively assist the North Vietnamese. Thus, we have clearly tied our foreign assistance efforts to our aims in southeast Asia, and rightly so. While we are chided for handling some of our foreign aid on a "strings attached" basis, we must remember that the United States cannot act as an impartial international agency in dispensing money and goods. While the development of all peoples toward a decent level of life falls within the scope of American national interest, there are some instances where our national interest is not served, and we must not hesitate to prohibit the distribution of aid in those instances, particularly where American lives hang in the balance.

Again, I want to commend my colleagues on the thorough and active review we have had of U.S. foreign assistance programs in the past few days. It is my hope that we can continue to review foreign aid in such detail on a yearly basis, so that we can insure that these programs will serve effectively to aid less fortunate peoples of the world and to promote the basic precept of American foreign policy.

Mr. LANGEN. Mr. Chairman, in past years the issue before us has been whether or not each of us supports foreign aid programs, and by how much. But this year we have added an element that disturbs me. We are asked to authorize a program for 2 years instead of 1.

This is not the first time we have been under pressure to further relinquish our constitutional prerogative of controlling expenditures, and I am sure it will not be the last. But by voting for a 2-year program we will allow a big foot in the door that will eventually lead to the 5-year authorization requested by the administration. In the process, this Congress will further lose its control over the operations of a program that has

long been suspect by the American people, and rightfully so, as wasteful in many respects.

It has been argued that the Appropriations Committee will still have to fund these programs on an annual basis, which is true. However, the work of the Appropriations Committee would be hampered in any year when the proper authorizing committee failed to properly review the foreign aid expenditures of the past.

I will be interested in the reaction to this authorization when action is taken by our Committee on Appropriations, since the cost of this package is greatly in excess of even the "bare-bones" amount requested by the administration. I have never seen a foreign aid package yet, "bare-bones" or otherwise, that could not be prudently cut without affecting the purpose or efficiency of the programs. There have been enough failures and instances of wasteful expenditures in the past to indicate that the pruning of appropriations can have a healthy effect on these programs by forcing some degree of planning and efficiency.

It is good to note that this bill includes a provision that prohibits assistance to countries that permit their ships or aircraft to transport equipment, materials, or commodities to or from North Vietnam. It is hoped that this provision will be vigorously enforced and policed.

However, I feel the provision to express the intent of Congress against providing funds for United Nations programs that assist Communist countries such as Cuba does not go far enough. The United States provides 40 percent of those funds, and such moneys should be absolutely prohibited from reaching the Castro regime. One such project was approved for the University of Havana this year in the amount of \$2.1 million. To argue that our money is not used for such a project is pure fiction. We are contributing 40 percent of the money used 90 miles off our shores to promote subversion in our hemisphere no matter how you look at it. It should be stopped.

Mr. Chairman, instead of issuing a 2-year blank check with which to continue the foreign aid programs, it would be better if this Congress stepped back and took a long, cold look at the record of these programs. We are currently helping, in one form or another, almost every nation in the world. We continue to hear of further programs that will be submitted to aid foreign countries. Before we commit American tax dollars to the education, health, and welfare of the entire world, we should reexamine the programs already on the books and put them in efficient working order.

Mr. SMITH of Iowa. Mr. Chairman, last year, I introduced H.R. 5255, which I recommended either be passed as a separate bill or included in the foreign aid bill. One of the reasons I introduced this bill is because one of the leading universities in the country, Iowa State University, is in the district I represent and conversations that I have had with the president of the university and professors at the university have convinced me

that performance and accomplishment at the present time are less than they would be under longer term institutional arrangements. I appreciate the opportunity given me to appear before the committee and the provision added in title II which embodies the provisions of H.R. 5255.

This bill authorized the creation and maintenance of foreign development centers at universities which are engaged in foreign technical assistance projects. At the present time contracts with universities for advice, counsel and help concerning development projects in a particular country, are usually for a period of not to exceed 3 years. Quite often the university accepting the contract finds it difficult to find competent professional personnel to carry out the contract on such a short-term basis. Therefore, they often recruit a substantial part of their personnel for the contract and since the personnel recruited cannot be offered tenure, it is often difficult to attract the most competent individuals away from some other position which would include tenure and security.

If a university could plan to specialize in the problems for a certain country or area for a period of 10 years, it could not only attract more competent people but could also utilize the experience gained to a much better advantage for the Government. When someone finishes a short-term contract and then moves on to some other area of responsibility without even leaving associates in a continuing program fully exposed to the knowledge and experience he gained, it cannot help but reduce the effectiveness of the program in the less developed countries involved.

At the present time, many university staff members have to secure a leave of absence from their university to take on a foreign assignment; their advancement at the university is retarded; and their experience gained is not utilized after their short-term contract had expired. Under this provision, a university could mobilize a more competent staff for a long-range program and even though some of the personnel left from time to time, there would be continuity and good use made of the experience they gained. The university would also be able to develop longer term programs in the countries involved.

I believe everyone will agree that short-term projects will not do the best job in many of these countries. In most cases the greatest need is for longer term plans involving education and other programs which produce greater results for a dollar spent, but which results are not apparent for several years. These longer term plans could fit in with other university activities and schedules in such a way that the most competent staff members at the university would be willing to take foreign technical assistance assignments within their field of interest. Many such professors who have already attained a high standing in the professional field are not willing to take a part-time assignment concerning the problems of a particular country if they have no reason to believe that the result of their research and study will be used over a period of years.

By directly involving the university and the most competent members of their professional staff in the technical assistance program in a way which is now practically impossible, it would greatly increase the number of professional people engaged in the development activities and broaden the base so that a better balanced program of economic assistance would be recommended.

Mr. Chairman, this provision does not propose a new program in the technical assistance field but merely proposes a way to carry out the existing technical assistance programs so that we could secure better results. This kind of an approach has proven highly successful in the field of agricultural research.

Agricultural universities, including Iowa State University, have performed research work on a continuing basis under existing Federal-State programs. Under this approach they were able to recruit competent staff and have gleaned benefits from all of the research performed through the years. Under this proposal, that successful formula be applied to planning economic assistance programs and I urge that this provision be retained in title II.

Mr. RANDALL. Mr. Chairman, I think the thing for each of us to ask ourselves before we vote on this bill on final passage is just how much longer can this country endure a foreign aid program? Year after year the American people are assured that our aid contributes toward changing an emerging and backward nation to a self-supporting country with prosperity and freedom.

How can we forget that near the end of the year of 1964, Nasser told the United States to "jump in the lake" because we expressed some rightful irritation over the burning of our Embassy in Cairo? How can we forget that after a comment like Nasser's, his nation since 1960 has received over \$1 billion in economic assistance. Remember, that is \$1,000 million. Then, recall the spring of 1964 when Sukarno, then President of Indonesia, had the effrontery to tell our Ambassador, face to face, "to hell with your aid." The facts were that Sukarno maintained himself in power largely because of a little less than a billion dollars he had received from us in economic aid. And yet this ingrate who now, thank goodness, has received his comeuppance had the consummate gall to insult our Ambassador.

Much less than a year ago the now deposed President Nkrumah of Ghana had the audacity to write and release a book blasting our foreign policy and bitterly critical of our assistance program. Yet, this same treacherous chameleon was at the very moment accepting \$165 million of our aid to perpetuate himself in office. He nonetheless carried on up to the day of his downfall as the principal organizer of a Red Chinese spy network on the African Continent.

There have been so many insults leveled against us by foreign leaders that if you sat down to tabulate a list for the last 15 years, the total would be over 125.

Mr. Chairman, that is the reason I ask the question, How much longer can

our country stand to engage in a foreign aid program?

The record is clear. There has been failure after failure that has been paid for with our billions of dollars over the past years. If our aid has been so successful, what happened in Uganda, which has received about \$20 million in aid, for it to become a dictatorship?

Year after year we have listened to the glowing predictions of what will happen in the future, but again and again we have had to listen to the pitiful excuses for the failures of the preceding year. Each year I have hoped there would be improvement in the administration of the program. But nothing seems to happen in the way of improvement.

Mr. Chairman, although the long record of failures is the one of the best reasons why we should stop the foreign aid program, there are other reasons that should be enumerated, including such things as the drain on our U.S. gold stocks which are a direct result of the aid program.

An additional reason is the fact it is generally recognized that economic assistance never reaches down sufficiently to the people of the aid recipient countries but always seems to benefit only the rich and well-to-do in those countries.

Yet another reason the bill should not be enacted this year is because of the huge unexpended balances in the program which have been referred to as the "pipeline" which now amounts to as much as \$9 billion. This large figure is several times the amount authorized this year yet accountability over these pipeline funds has already been lost by the Congress. Why not cut through this bureaucratic redtape to finish the lagging foreign projects already commenced before any new starts? Along the way it might be discovered the projects were no good to begin with and have actually been abandoned.

A telling objection to the further authorization of foreign aid programs is the fact that many of the aid-receiving countries have in the past years taken our aid and proceeded to spend much of this assistance with other countries. This fact can be established by a comparison of the amounts of direct dollar economic aid we have granted these countries along side our trade balance with these countries. In other words compare for each country the amount of aid accorded the list of foreign recipients and compare this with the amount of our exports to each of these nations. From a list of about 25 nations in the Middle East, Africa and the Far East it can be demonstrated that our dollar aid for these countries exceeds by about 3 to 1 the value of the products we sell to these countries. To state the matter very simply they have taken our money and bought their goods in other countries. These figures should refute conclusively the argument we hear so often that foreign aid money is, after all, spent in this country.

One of the strongest reasons of all why there should be no foreign aid program until there has been a thorough review of the entire operation is the fact that we are furnishing millions of dollars to

nations which have accepted our aid and at the same time take aid from the Communist bloc nations.

The very worst offense is by these recipients of our aid who have acted against a peaceful solution in Vietnam. The Agency for International Development has tried to say many times in the past that our assistance to pro-Communist countries prevents them from slipping into the Communist orbit. The old adage that "the proof of the pudding is in the eating" should pretty well establish the fact that what has happened in these countries is that they have taken our money but are nonetheless today in the Communist orbit.

But the worst evil of all about foreign assistance is that we have furnished aid to some countries who are now actively assisting North Vietnam by permitting their ships to transfer materiel and supplies into North Vietnam ports. It is true that the President of the United States has discretionary power to deny assistance to such countries but they are still shipping and we are still shoveling out money to such countries as the United Kingdom, Japan, Greece, Norway, and the Netherlands.

Since World War II we have spent about \$37 billion on military assistance. For a long time we thought this was a small price to pay for keeping our boys off battlefields but within the very recent past we have found that France which has been the largest recipient has turned its back on us in Vietnam. It even supports Peking's admittance into the U.N. and in the last month demanded the closing of all our bases on French soil. Another of our supposedly great friends, the United Kingdom, which has received over \$1 billion in military assistance sends her ships into Cuba every week. But worse still, British flagships are hauling supplies into the North Vietnam ports every day. Why is it the jungle-trained British troops in Malaysia cannot be used in Vietnam? Foreign military forces whether French, British, Turkish, or Greek have been equipped with materiel paid for by the American taxpayers. The question which hits us squarely in the face is what value is all this military assistance to us when our American boys are now fighting alone in Vietnam? Over 50 nations have been designated for military aid this year. Only one, South Korea, has sent troops to Vietnam. Australia and New Zealand who have sent troops to Vietnam are receiving no U.S. aid.

Mr. Chairman, when I first came to the Congress in 1959, although I supported the foreign aid bill that year on final passage I raised for the first time the question of congressional control over the aid program. Before that time I had been an elected official in local government where we had a careful accounting and a review by the authority making the expenditure. But I was astonished to find there was little or no congressional review of the foreign aid expenditure. After finding this to be a fact, I have since opposed this authorization and appropriation year after year because of the maladministration of these programs. Each year many of us have

looked in vain for some improvement in the administration of foreign aid programs.

Maybe there is just no way that the foreign aid program can be made to work successfully. The objective apparently had been to make recipient countries our grateful allies and friends. It is argued that once commenced we must continue foreign aid in order to keep these countries as our allies and friends. Look as much as you will, but there is no convincing evidence that any of our aid recipients which have not gone Communist would have done so if they had not received our economic aid. France and Italy have received large amounts of our aid, yet Communist Party membership in these countries has not fallen off. On the other hand, Cuba went communist in 1959 in spite of 12 prior years of foreign aid from the United States, and in spite of the fact that she had been favored beyond all other countries in sugar imports. Look back at the \$11 billion of lend lease to Russia in World War II. Did this endear us to the Russian leaders? Has our aid to Poland, Yugoslavia, Indonesia, or Egypt turned Gomulka, Tito, Sukarno, or Nasser into dependable allies? No. Scores of other nations have received our aid and instead of being our grateful friend, there is good reason to suspect that our aid has often had the very opposite effect.

Some of these countries have even developed the technique of a veiled threat as the recognized and effective way to extort more aid. They make it appear they are in danger of going Communist, in order to receive larger amounts of American aid. But these very same applicants for our aid seem always to find it convenient and even necessary to insult and denounce the United States in order to prove to their own followers that they are independent and not the puppets of American imperialism. It seems to me that the fact that nearly always it is the U.S. Embassies and U.S. information offices that have rocks thrown through their windows and not the embassies of other countries that have never offered aid, should prove conclusively you cannot buy friends.

No, Mr. Chairman, our country cannot much longer stand or afford a foreign program. The time to stop the program is now. Right now.

Mr. ADAIR. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, I take this time to explain to the Committee of the Whole House on the State of the Union what the proposed motion to recommit will contain. It will be of two parts. The first part will represent the essence of the so-called Mailliard amendment that we debated yesterday. The amendment would reduce the program from a 2-year authorization to a 1-year authorization, except for development loans and the Alliance for Progress program, which programs would remain at 5-year authorizations.

The second part of the proposed motion to recommit would reduce the authorization for development loans annually from \$1 billion to \$750 million.

The period of authorization for development loans would remain the same as in the bill before the committee; that is, 5 years.

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as has been made evident by the explanation of the distinguished gentleman from Indiana, the motion to recommit contains the essential elements of two amendments already discussed by this body, both of which have been defeated.

The principal one would be to change the program from the present 2-year program, which it now is, back to a 1-year program.

The other would be to make cuts in the Development Loan Fund, which the gentleman has explained.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman.

Mr. ADAIR. I would point out that what the gentleman from Florida has said is correct. The motion is essentially the elements of the two amendments. But there is a difference from the development loan program as offered in the amendment that we debated on the floor.

The amendment debated on the floor reduced the amount from \$1 billion to \$750 million, and reduced the years from 5 years to 3 years. The motion to recommit does not touch the number of years.

Mr. FASCELL. I thank the gentleman for the further clarification, and I now yield to our distinguished chairman, the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. I just want to point out to the Members of the House, that the first part of the motion to recommit was debated fully on the floor when the Mailliard amendment was considered yesterday. On a teller vote it lost by a vote of 122 to 86.

The second part of the motion to recommit, as the gentleman from Indiana [Mr. ADAIR] said, is somewhat changed because his original amendment was to reduce the development loan figure from \$1 billion to \$750 million, and it had a 3-year limitation in it. The 3-year limitation is taken out, but the figure for the Development Loan Fund would be reduced \$250 million over a 5-year period by the motion to recommit.

I ask the Members on my side, and all those who realize the importance of the foreign aid program to the security of this country, to vote against this motion to recommit.

Mr. SELDEN. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. FASCELL. I yield to the distinguished gentleman from Alabama.

Mr. SELDEN. Mr. Chairman, I ask unanimous consent to extend my remarks immediately preceding the vote on the amendment offered by the gen-

tleman from Illinois [Mr. DERWINSKI] at page 17, line 24.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, in order to help clarify the question so that Members understand as we vote on the motion to recommit, we are voting to take a 2-year authorization and reduce it to 1 year, or return to the present language.

In other words, if you vote against the motion to recommit you are voting to double the foreign aid program.

Mr. PELLY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, historically I have not supported an authorization bill for foreign aid. I feel, however, on this occasion, because of the situation and because of our commitments in Vietnam I must reverse my position.

I was very much impressed by the distinguished chairman of the Committee on Armed Services when he gave his reasons for supporting this legislation. I too must say at this time while I intend to support the motion to recommit, if the motion to recommit does not prevail then I shall support the legislation.

Mrs. MAY. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield to the gentleman.

Mrs. MAY. Mr. Chairman, I want to associate myself with the remarks of my distinguished colleague, the gentleman from Washington. I too have consistently not supported the foreign aid bill. But for the reasons that he has so eloquently outlined I intend to support the bill this year.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, pursuant to House Resolution 906, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment?

If not, the Chair will put them en gros.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill (H.R. 15750) to the Committee on Foreign Affairs with instructions to report the same to the House forthwith with the following amendments:

On the first page, immediately after line 4, insert the following:

"Sec. 2. The Foreign Assistance Act of 1961, as amended, is amended by inserting immediately after the first section thereof the following new section:

"Sec. 2. LIMITATIONS ON FISCAL YEAR AUTHORIZATIONS.—Notwithstanding any other provision of this Act, nothing in this Act (except sections 202 and 252) authorizes appropriations for furnishing assistance or for administrative expenses under this Act for fiscal year 1968."

On page 2, line 23, strike out "\$1,000,000,000" and insert in lieu thereof the following: "\$750,000,000".

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 191, nays 193, not voting 48, as follows:

[Roll No. 164]

YEAS—191

Abbitt	Dowdy	Love
Abernethy	Downing	McClory
Adair	Dulski	McCulloch
Anderson, Ill.	Duncan, Tenn.	McDade
Andrews,	Dwyer	McEwen
George W.	Edwards, Ala.	McMillan
Andrews,	Erlenborn	Marsh
Glenn	Everett	Martin, Ala.
Andrews,	Findley	Martin, Nebr.
N. Dak.	Fisher	May
Arends	Ford, Gerald R.	Michel
Ashbrook	Fountain	Minshall
Ashmore	Frelinghuysen	Mize
Ayres	Fulton, Pa.	Moeller
Bates	Fuqua	Moore
Battin	Gathings	Morse
Belcher	Gettys	Morton
Bennett	Gialmo	Mosher
Berry	Goodell	Murray
Betts	Gross	Nelsen
Bolton	Grover	O'Konski
Bow	Gubser	Passman
Bray	Gurney	Pelly
Brock	Hagan, Ga.	Pickle
Brown, Clarence J., Jr.	Hagen, Calif.	Pike
Broyhill, N.C.	Haley	Pirnie
Broyhill, Va.	Halleck	Poage
Buchanan	Halpern	Poff
Burton, Utah	Hansen, Idaho	Pool
Byrnes, Wis.	Hardy	Pucinski
Cabell	Harvey, Ind.	Quile
Cahill	Harvey, Mich.	Quillen
Callaway	Hébert	Race
Carter	Henderson	Randall
Cederberg	Horton	Reid, Ill.
Chamberlain	Hosmer	Reifel
Chelf	Hull	Reinecke
Clancy	Hungate	Rhodes, Ariz.
Clausen,	Hutchinson	Roberts
Don H.	Ichord	Robison
Clawson, Del	Jarman	Rogers, Fla.
Cleveland	Jennings	Rogers, Tex.
Collier	Johnson, Okla.	Roudebush
Colmer	Johnson, Pa.	Rumsfeld
Cooley	Jonas	Satterfield
Corbett	Jones, Mo.	Saylor
Cramer	Jones, N.C.	Schneebell
Curtin	Keith	Schweiker
Dague	Kornegay	Secrest
Davis, Ga.	Kunkel	Selden
Davis, Wis.	Kupferman	Shipley
Derwinski	Laird	Shriver
Devine	Langen	Sikes
Dickinson	Latta	Skubitz
Dole	Lennon	Smith, Calif.
Dorn	Lipscomb	Smith, N.Y.
	Long, La.	Smith, Va.

Springer
Stafford
Stanton
Stratton
Talcott
Taylor
Teague, Calif.
Thomson, Wis.
Tuck

Tuten
Utt
Vigorito
Waggonner
Walker, N. Mex.
Watkins
Watson
Whalley
White, Tex.

Whitener
Widnall
Williams
Wilson, Bob
Wyatt
Wydler
Younger

NAYS—193

Adams
Addabbo
Albert
Anderson, Tenn.
Annunzio
Aspinall
Bandstra
Barrett
Beckworth
Bingham
Boggs
Boland
Boiling
Brademas
Brooks
Burke
Burleson
Burton, Calif.
Byrne, Pa.
Callan
Cameron
Casey
Clark
Clevenger
Cohelan
Conte
Craley
Culver
Daddario
Daniels
Dawson
de la Garza
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dow
Duncan, Oreg.
Dyal
Edmondson
Edwards, Calif.
Evans, Colo.
Evins, Tenn.
Fallon
Farbstein
Farnum
Fascell
Feighan
Flood
Fogarty
Foley
Ford
William D. Fraser
Friedel
Fulton, Tenn.
Gallagher
Garmatz
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski

NOT VOTING—48

Ashley
Baring
Bell
Blatnik
Broomfield
Brown, Calif.
Carey
Celler
Conable
Conyers
Corman
Cunningham
Curtis
Edwards, La.
Ellsworth
Farnsley

Fino
Flynt
Hall
Hansen, Wash.
Harsha
Hays
Herlong
King, N.Y.
Landrum
MacGregor
Mailliard
Mathias
Matsunaga
Mills
Morris
O'Brien

O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin
Price
Purcell
Redlin
Rees
Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Rivers, S.C.
Rodino
Rogers, Colo.
Ronan
Roncalio
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
St. Onge
Scheuer
Schmidhauser
Sickles
Sisk
Slack
Smith, Iowa
Staggers
Stalbaum
Steed
Stubblefield
Sullivan
Sweeney
Teague, Tex.
Tenzer
Thomas
Thompson, N.J.
Thompson, Tex.
Todd
Tunney
Tupper
Udall
Ullman
Vanik
Vigoro
Vivian
Waldie
Watts
Weltner
Widnall
Wilson, Charles H.
Wolf
Yates
Young
Zablocki

Mr. O'Neal of Georgia for, with Mr. Celler against.
Mr. Baring for, with Mr. Matsunaga against.
Mr. Roush for, with Mr. Trimble against.
Mr. Whitten for, with Mr. Blatnik against.
Mr. Stephens for, with Mr. Farnsley against.
Mr. Mailliard for, with Mr. Carey against.
Mr. Broomfield for, with Mr. Ashley against.
Mr. Hall for, with Mr. Rivers of Alaska against.

Mr. Brown of California for, with Mr. Hays against.

Mr. Bell for, with Mr. Toll against.
Mr. Mathias for, with Mr. Corman against.
Mr. MacGregor for, with Mr. Powell against.
Mr. Fino for, with Mr. Van Deerlin against.
Mr. Cunningham for, with Mr. Senner against.

Mr. King of New York for, with Mr. Schisler against.

Mr. Conable for, with Mr. O'Brien against.
Mr. Harsha for, with Mr. Morris against.
Mr. Curtis for, with Mr. White of Idaho against.

Until further notice:

Mr. Mills with Mr. Ellsworth.
Mr. Landrum with Mr. Walker of Mississippi.
Mr. Edwards of Louisiana with Mr. Herlong.
Mr. Wright with Mr. Flynt.
Mr. Willis with Mr. Conyers.

Mr. CLANCY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the "ayes" appeared to have it.

Mr. MORGAN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 237, nays 146, not voting 49, as follows:

[Roll No. 165]

YEAS—237

Adams
Addabbo
Albert
Anderson, Tenn.
Annunzio
Arends
Aspinall
Ayres
Bandstra
Barrett
Bates
Beckworth
Bennett
Bingham
Boggs
Boland
Bolling
Bolton
Brademas
Brooks
Burke
Burton, Calif.
Byrne, Pa.
Cahill
Callan
Cameron
Chelf
Clark
Cleveland
Clevenger
Cohelan
Conte
Cooley
Corbett
Craley
Culver
Daddario
Daniels
Dawson
Delaney
Dent
Denton
Diggs
Dingell

Donohue
Dow
Downing
Dulski
Duncan, Oreg.
Dwyer
Dyal
Edmondson
Edwards, Calif.
Evans, Colo.
Evins, Tenn.
Fallon
Farbstein
Farnum
Fascell
Feighan
Flood
Fogarty
Foley
Ford, Gerald R.
Ford, William D.
Fraser
Frelinghuysen
Friedel
Fulton, Pa.
Fulton, Tenn.
Gallagher
Garmatz
Glaimo
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Greigg
Grider
Griffiths
Hagen, Calif.
Halleck
Halpern
Hamilton

Hanley
Hanna
Hansen, Iowa
Hardy
Hathaway
Hawkins
Hébert
Hechler
Helstoski
Hicks
Holfield
Holland
Horton
Howard
Huot
Irwin
Jacobs
Joelson
Johnson, Calif.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
King, Calif.
King, Utah
Kirwan
Kluczynski
Krebs
Kunkel
Kupferman
Long, Md.
Love
McCarthy
McDade
McDowell
McFall
McGrath
McVicker
Macdonald
Machen
Mackay

Mackie
Madden
Mahon
Martin, Mass.
Matthews
May
Meeds
Miller
Minish
Mink
Monagan
Moorhead
Morgan
Morrison
Morse
Morton
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Murray
Natcher
Nedzi
Nelsen
Nix
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pelly
Pepper

Abbitt
Abernethy
Adair
Anderson, Ill.
Andrews, George W.
Andrews, Glenn
Andrews, N. Dak.
Ashbrook
Ashmore
Battin
Belcher
Berry
Betts
Bow
Bray
Brock
Brown, Clarence J., Jr.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burleson
Burton, Utah
Byrnes, Wis.
Cabell
Callaway
Carter
Casey
Cederberg
Chamberlain
Clancy
Clausen, Don H.
Clawson, Del.
Collier
Colmer
Cramer
Curtin
Dague
Davis, Ga.
Davis, Wis.
de la Garza
Derwinski
Devine
Dickinson
Dole
Dorn
Dowdy

Ashley
Baring
Bell
Blatnik
Broomfield
Brown, Calif.
Carey
Celler
Conable
Conyers
Corman
Cunningham
Curtis
Edwards, La.
Ellsworth
Farnsley
Fino

Perkins
Philbin
Pickle
Pike
Pirnie
Price
Pucinski
Purcell
Quie
Rees
Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Rivers, S.C.
Robison
Rodino
Rogers, Colo.
Ronan
Roncalio
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
St. Onge
Scheuer
Schmidhauser
Schweiker
Selden
Sickles
Sisk
Slack

NAYS—146

Duncan, Tenn.
Edwards, Ala.
Erlenborn
Everett
Findley
Fisher
Fountain
Fuqua
Gathings
Gettys
Goodell
Gross
Grover
Gubser
Gurney
Haley
Hansen, Idaho
Harvey, Ind.
Harvey, Mich.
Henderson
Hosmer
Hull
Hungate
Hutchinson
Ichord
Jarman
Jennings
Johnson, Okla.
Johnson, Pa.
Jonas
Jones, Mo.
Jones, N.C.
Kornegay
Laird
Langen
Latta
Leggett
Lennon
Lipscomb
Long, La.
McClary
McCulloch
McEwen
McMillan
Marsh
Martin, Ala.
Martin, Nebr.
Michel
Minshall
Mize
Moeller

NOT VOTING—49

Flynt
Hagan, Ga.
Hall
Hansen, Wash.
Harsha
Hays
Herlong
King, N.Y.
Landrum
MacGregor
Mailliard
Mathias
Matsunaga
Mills
Morris
O'Brien
O'Neal, Ga.

Smith, Iowa
Springer
Stafford
Staggers
Stalbaum
Steed
Stratton
Stubblefield
Sullivan
Sweeney
Teague, Calif.
Teague, Tex.
Tenzer
Thomas
Thompson, N.J.
Thompson, Tex.
Todd
Tunney
Tupper
Udall
Ullman
Vanik
Vigoro
Vivian
Waldie
Watts
Weltner
Widnall
Wilson, Charles H.
Wolf
Wydler
Yates
Young
Zablocki

Moore
Mosher
O'Konski
Passman
Poage
Poff
Pool
Quillen
Race
Randall
Redlin
Reid, Ill.
Reifel
Reinecke
Rhodes, Ariz.
Roberts
Rogers, Fla.
Rogers, Tex.
Roudebush
Rumsfeld
Satterfield
Saylor
Schneebell
Secret
Shipley
Shriver
Sikes
Skubitz
Smith, Calif.
Smith, N.Y.
Smith, Va.
Stanton
Talcott
Taylor
Thomson, Wis.
Tuck
Tuten
Utt
Waggonner
Walker, N. Mex.
Watkins
Watson
Whalley
White, Tex.
Whitener
Williams
Wilson, Bob
Wyatt
Younger

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Scott for, with Mrs. Hansen of Washington against.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mrs. Hansen of Washington for, with Mr. Whitten against.

Mr. Celler for, with Mr. Scott against.

Mr. Matsunaga for, with Mr. O'Neal of Georgia against.

Mr. Trimble for, with Mr. Baring against.

Mr. Blatnik for, with Mr. Roush against.

Mr. Carey for, with Mr. Stephens against.

Mr. Hays for, with Mr. Brown of California against.

Mr. Broomfield for, with Mr. Walker of Mississippi against.

Mr. Mailliard for, with Mr. Hall against.

Mr. MacGregor for, with Mr. King of New York against.

Mr. Mathias for, with Mr. Fino against.

Mr. Conable for, with Mr. Harsha against.

Mr. Bell for, with Mr. Curtis against.

Mr. Corman for, with Mr. Cunningham against.

Mr. Rivers of Alaska for, with Mr. Hagan of Georgia against.

Until further notice:

Mr. Ashley with Mr. Toll.

Mr. Senner with Mr. Conyers.

Mr. Farnsley with Mr. Flynt.

Mr. Morris with Mr. Mills.

Mr. Wright with Mr. Willis.

Mr. Van Deerlin with Mr. Herlong.

Mr. Schisler with Mr. Edwards of Louisiana.

Mr. White of Idaho with Mr. Powell.

Mr. Landrum with Mr. O'Brien.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

OUR NATION'S NEW MONUMENT COMMEMORATING THE OPENING OF THE WEST AFTER THE LOUISIANA PURCHASE, THE GATEWAY ARCH

(Mr. HUNGATE asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. HUNGATE. Mr. Speaker, throughout the history of our great country dreams of new and bold ventures have become realities when undertaken by an industrious, imaginative, and enlightened people. Such is the story of our Nation's new monument commemorating the opening of the West after the Louisiana Purchase, the Gateway Arch.

Mr. Speaker, I would call to the attention of my colleagues an editorial appearing in the Mexico Evening Ledger on June 30, 1966, and written by Mr. Robert M. White, editor. Mr. White's comments pay just tribute to a feat of which all Americans everywhere can be justifiably proud.

THE MARK OF ST. LOUIS

The Eiffel Tower means Paris.

The Brandenburg Gate means Berlin.

Red Square means Moscow.

Times Square, New York.

The Golden Gate Bridge is San Francisco.

And now the Gateway Arch will mean St. Louis.

The arch is unique, bold, graceful and impressive.

It already is becoming the pride of St. Louis. In time, it will be known throughout the world.

The arch is officially The Gateway Arch commemorating the opening of the west after the Louisiana Purchase.

It is the tallest monument in America—630 feet. As a matter of fact, there are only 16 buildings in the country taller.

It is 75 feet taller than the Washington Monument.

It is 180 feet taller than the Great Pyramid of Cheops.

The foundations of the arch are 60 feet below ground level, the lower 30 feet being in bed rock.

At the ground level each leg is a double steel-walled equilateral triangle with each side measuring 54 feet at the base and 17 feet at the top.

There are 1,076 steps from the visitor center below the ground level to the top; however, a 40-passenger train will ride inside the core of each leg.

The engineering had to be so precise that surveying during erection of the steel sides was done at night when the temperature of each side of the three walls was equal.

There are many other facts and figures about the arch.

But the most interesting facts about it is this:

It's there.

It's there to become the pride of St. Louis. It's there to commemorate the vision of community leaders who said St. Louis needed a symbol. It's there to honor the talent and imagination of its architect Eero Saarinen. It's there proudly proclaiming the courage of the citizen's committee who selected Saarinen's daring proposal * * *

* * * It's there, like all really great monuments, in towering tribute to man, himself, who always can, if only he will, do the seemingly impossible.

CITIZENS SHOULD BE CONCERNED ABOUT WHAT IS HAPPENING IN THE MONEY MARKETS OF THIS COUNTRY

(Mr. ULLMAN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and to include extraneous matter.)

Mr. ULLMAN. Mr. Speaker, every citizen should be vitally concerned about what is happening in the money markets of this country. The economic and social gains of the past 6 years are in serious jeopardy today because of skyrocketing interest rates and the critical imbalance in the national money supply.

As a member of the Ways and Means Committee and a firm supporter of the new economics, I must hold this administration responsible for the interest rate crisis. Without a cohesive program, this administration is floundering in monetary policy. In effect, the administration is abdicating to William McClesney Martin the responsibilities for economic policy. This is the same Martin who, as Governor of the Federal Re-

serve Board, led us up and down the boom and bust cycles of the fifties.

Today there is a major slump in residential construction and in all the related building industries. Builders predict that by the year's end new starts in housing will drop to 73 percent of the 1965 volume. We are on the verge of a lumber and building industries recession. The savings and loan institutions are badly hurt. The effect can only spread through other segments of the economy.

Only immediate attention and decisive action by the President can avert disastrous economic consequences. Today I am calling on the President to convene an emergency conference with the leaders of the Congress, members of the Federal Reserve Board, and housing and financial leaders to formulate an effective program to bring interest rates back into line, and to reestablish a healthy balance among financial institutions in the money market.

The Federal Reserve Board's unwarranted actions of last December have been completely unsuccessful as brakes on the economy and, as I suggested at that time, have served instead to throw the whole economy out of balance. The 4½-percent discount rate which the Federal Reserve Board is currently charging for loans to member banks is the highest discount rate since 1929. Economists throughout the country are alarmed that the Board has ignored the lesson of the fifties—that peaks of high interest rates are invariably followed by recessions. Almost without exception, the Federal Reserve has not decreased discount rates except as reaction to declining gross national product. Even today, I read with alarm that another hike in the discount rate and further increases in the basic lending rate to commercial banks are anticipated. In the light of our economic history, such an outrageous increase can only lead to complete economic disaster.

The money market today is in chaos. Federal securities are currently trading at an effective rate of 5¼ percent. Commercial banks are responding to the Federal Reserve's lead by continuing their interest rate escalation. On Friday, the Chase Manhattan Bank of New York moved up its rate on dealer loans backed by Government securities to 6½ percent from 6¼ percent. Loans to brokers backed with non-Government collateral are now commanding a 6-percent rate.

The fierce competition between certificates of deposit of the commercial banks and the commercial paper issues of finance companies quickened when Walter E. Heller & Co. announced a rate jump from 5½ to 5¾ percent on the short-term commercial paper it sells directly to investors. This action will obviously restrict the ability of commercial bankers to obtain funds for lending.

The tightening money situation is threatening to pressure the commercial banks to raise the "prime" rate even higher than the current 5¾ percent that the banks charge to their most gilt-edged customers. The competition for cash is now intensified by rising yields of sales participation offerings up to 5.75 percent

which help to make Washington one of the strikingly beautiful cities of the world.

Some recent additions to Washington architecture, however, have been, in the judgment of many critics, ponderous, dull, monotonous, vulgar. A not-so-shining example is the new Sam Rayburn House Office Building, for which the present Capitol architect bears responsibility.

We assume that Congress will want to withhold its approval for changes in one of the world's most prominent and historic buildings until it has given careful consideration to the views of distinguished members of the architectural profession.

U.S. LAWN TENNIS ASSOCIATION UNFAIR TO PERTH AMBOY TEN- NIS TOURNAMENT

(Mr. PATTEN asked and was given permission to address the House for 1 minute.)

Mr. PATTEN. Mr. Speaker, the U.S. Lawn Tennis Association has monopolistically ruled that the people of Perth Amboy, N.J., will not be able to hold their annual tournament at the regular time this year. The association's new 100-mile rule will not sanction a tournament within 100 miles of a USLTA at Forest Hills, Long Island. I intend to discuss this with the chairman of the House of Representatives Committee on Interstate and Foreign Commerce because I don't believe that any group in New York should have the power to prevent a tournament in New Jersey.

I resent their new rule, Mr. Speaker, because I resent the association telling us in New Jersey that we cannot hold our small tournament because it will conflict with their Forest Hills championship. From my personal experience, I know that the attendance at our tournament is almost entirely local, and that it does not hurt the Forest Hills attendance at all. Some people from Perth Amboy do go to Forest Hills and I know, in fact, that our small tournament helps to increase interest in the larger championship.

Moreover, in making this arbitrary 100-mile decree, the USLTA is acting like a monopoly and a trust. For, even though the antitrust laws do not apply to tennis, the association here is certainly violating the spirit of the antitrust laws and is acting truly small and provincial.

For nearly 30 years, Mr. Speaker, the people of Perth Amboy have been holding a small local tennis tournament in the beginning of September. The tournament, though small and drawing at most 1,000 people for its 2 days of matches, has several important purposes. All the receipts from the tournament go to worthwhile charities in the area, the Deborah Fund, the Elks Crippled Kids Fund, and the Mount Carmel Nurses Fund. In addition, the tournament enhances community spirit, while at the same time it builds up a local interest in tennis itself.

For nearly 30 years, this small tournament for the people of Perth Amboy ran along smoothly and was allowed to proceed in its own small way. Occasionally, since the more famous Forest Hills tournament was drawing to a close at the same time that our tournament was

being played, we were fortunate enough to get a big-name star.

This year, however, there will be no big-name star at our tournament. There will, in fact, be no tournament at all.

We, who are so angry over Russia's canceling our annual track meet for her own selfish political reasons, should not allow a big organization like the USLTA to refuse to sanction Perth Amboy's annual tournament for its own selfish purposes. At the height of the tennis season, during the Labor Day Week, the association, at the expense of all nearby local tournaments, is attempting to secure for itself a monopoly of all the big-name players. The association fails to see, Mr. Speaker, that they will lose no revenue if they sanction Perth Amboy's tournament. They will only allow, if they do sanction it, a small tournament—held for charity—to continue for its 29th year. However, if it should not sanction the tournament, it will lose a great many friends, a good deal of respect, and a large amount of good will.

ADJOURNMENT UNTIL MONDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, I would like to put the distinguished majority leader on notice that next week, or very soon thereafter, I am going to be inquiring about when this session of the Congress may be expected to adjourn, because I have things to do as a few other Members have.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. ALBERT. The gentleman's last campaign proves conclusively that he does not need to spend any time campaigning in his district.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISPENSING WITH BUSINESS UNDER THE CALENDAR WEDNESDAY RULE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

FOREIGN AID HAS FAILED

(Mr. MARTIN of Alabama was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MARTIN of Alabama. Mr. Speaker, once again Congress is being

asked by the Democrat administration to authorize the Federal Government to take billions of the hard-earned dollars of American taxpayers to finance many questionable projects under a hodgepodge program known as mutual assistance. Despite the lofty purposes of foreign aid I am afraid the net result over the past 17 years has been to finance the mutual efforts of foreign countries in ganging up on the United States, abusing the American people, and in collaborating with our enemies. Foreign aid has failed in its objectives. It has not weakened or stopped communism. It has bought no friendship or loyalty for the United States in its efforts to prevent any country from going Communist when the Communists wanted to take over. It has depleted our gold reserve to the point where this Nation could face actual bankruptcy. It has helped to strengthen the economies of Communist countries so that Red dictators have been able to tighten their control over enslaved populations. It has made it possible for countries receiving our aid to carry on a profitable trade with North Vietnam at the very time Americans are being slaughtered by this Communist enemy.

The continued drain on our gold supply caused by the reckless use of foreign aid could well bankrupt the United States and force the devaluation of the dollar to make our money worthless. This is certainly of paramount importance to the American people. At the rate gold is being withdrawn from this country, the dollar will soon be without support. We have already replaced our silver coins with copper. Our paper dollar may soon be worth little more than the cost of the paper it is printed on.

Last year the U.S. balance-of-payments deficit was \$1.3 billion. U.S. gold reserves at this time amount to \$13.8 billion and foreign countries hold dollars, which are claims against our gold, of at least twice that amount. By law approximately \$9 billion is required to back up the paper money which is in circulation today. So it is plain to see how dangerous the situation is and yet the administration takes no steps to halt the pressure on our gold reserves by cutting back on the greatest source of the pressure, foreign aid.

In short, what little good has ever been accomplished by foreign aid has been completely overcome by the harm it has done and is continuing to do to this country.

I am opposed to the present bill, H.R. 15750, for the reasons I have just outlined. My opposition is further increased by the provisions of this foreign aid bill by which Congress gives up more of its constitutional responsibility to the executive branch. We are asked to give the President extended authority to spend the peoples' money on these overseas programs without checking with Congress. It is a betrayal of our oath of office to relinquish a responsibility demanded of us under the Constitution, to manage the spending of Federal funds. We have no authority to give the President the power to spend these funds without an annual accounting to the Congress.

Mr. Speaker, there is enough money in the pipeline to finance existing foreign aid programs for at least a year. I do not think we should authorize any more money for foreign aid until we have been able to make a thorough restudy of where and how the money is being spent, with the view of eliminating those programs which are not accomplishing the purposes for which Congress authorized the money and to eliminate entirely all funds going to Communist countries or to programs of the United Nations which in turn channel them to Communist countries.

The American people, with good reason, do not trust the Johnson administration to be truthful about the foreign aid program any more than it has been honest about the Vietnam war and the Great Society programs at home. It is therefore our responsibility to the people we represent to be honest with them in matters in which they have a vital concern. We can best be honest by calling a halt to new foreign aid programs until we have uncovered the whole truth about what has been accomplished up to this time. I will vote against this bill.

(Mr. MARTIN of Alabama (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. MARTIN of Alabama's remarks will appear hereafter in the Appendix.]

DR. PAUL A. MILLER

(Mr. MOORE (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MOORE. Mr. Speaker, President Johnson's nomination of Dr. Paul A. Miller, president of West Virginia University, as Assistant Secretary for Education in the Department of Health, Education, and Welfare drew mixed emotions from my fellow West Virginians.

Most West Virginians, I feel, are proud that the President has seen fit to name a man who was educated in West Virginia and who has been devoted to the future of the State of West Virginia, to one of the most vital and important Federal positions in the Nation. At the same time, there was a feeling of disappointment that Dr. Miller is leaving his job at West Virginia University.

The Weirton Daily Times sums this feeling up better than I. Under unanimous consent, I place in the RECORD together with my foregoing remarks the editorial of the distinguished editor of the Times, Paul Glover:

[From the Weirton (W. Va.) Daily Times, July 9, 1966]

WE HATE TO LOSE DR. MILLER

Hancock County residents are elated that Dr. Paul A. Miller has been appointed to a high post in the Department of Health, Education and Welfare in Washington, but are sorry to lose him as head of West Virginia University.

Dr. Miller has been recognized as one of the most able and distinguished men in higher education in the country.

We all in Hancock County have a close attachment to him because this is his native county. Although born in East Liverpool, his family moved to a home near Chester when he was still a boy. He attended Wells High School in Newell and was graduated at the top of his class there in 1935.

His mother, Mrs. Harry A. Miller, still resides in Chester. A brother, Bernie, lives across the river in East Liverpool.

Dr. Miller attended Bethany College for one year, then transferred to West Virginia University where he received an AB degree in 1939. He received his master's degree at Michigan State. He taught at Michigan State University for a number of years before returning to his WVU alma mater four years ago.

In accepting the government position, Dr. Miller succeeds Francis Keppel who resigned. The post pays \$27,000 a year.

Dr. Miller has been receiving an annual salary of \$30,000, plus an estimated \$10,000 in fringe benefits at WVU. He has been the highest paid public official in the state.

Dr. Miller has been well liked throughout the state for his aggressive administration. He also was popular with the student body and the faculty.

When the City of Weirton held an appreciation dinner for Thomas E. Millsop earlier in the year, it was Dr. Miller who was invited to make the principal address. Dr. Miller is known personally by scores of residents of Hancock and Brooke counties and his departure from the West Virginia scene will be a great personal loss to them.

However, the whole state wishes Dr. Miller success in his new and more responsible field on the national level. In his new position he will have an opportunity to use his talents and energies in the whole field of education and in a most strategic and important situation and also at an important time in American educational history.

BRIDGEPORT, W. VA., 150 YEARS OLD

(Mr. MOORE (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MOORE. Mr. Speaker, I have the privilege this evening of joining the residents of Bridgeport, W. Va., in the celebration of its 150th birthday.

Bridgeport is unique and rare in that one of its native sons, the late-famed wildcatter Michael L. Benedum gave proof to the community that he had never forgotten his West Virginia birthplace. Today, thanks to the philanthropy of Mr. Benedum, Bridgeport proudly boasts a civic and recreation center and swimming pool and a beautiful church as lasting remembrances of a man for his hometown. I might add that Mr. Benedum, a multimillionaire who lived in Pittsburgh, Pa., at the time of his death contributes hundreds of thousands of dollars annually to colleges and universities in West Virginia through the Claude W. Benedum Foundation.

The Clarksburg, W. Va., Sunday Exponent-Telegram has an interesting account on the history of Bridgeport and its plans for the week-long sesquicentennial celebration in its July 10 edition.

Under unanimous consent, I include it with my remarks in the RECORD:

BRIDGEPORT PLANS SESQUICENTENNIAL EVENTS THIS WEEK

Bridgeport is 150 years old, first chartered in 1816, and to celebrate this event, the week of July 11 through July 16, has been set aside.

Bridgeport was first settled before the war between Great Britain and the American Colonies, when a fort was built on the waters of Simpson Creek and was then known as Bridgefort.

Some of the first settlers at that time were Andrew Davidson, Joseph Wilkinson, James Anderson, John Powers, and Joseph Johnson. Bridgeport, rich in heritage as part of a new developing nation, has grown into one of West Virginia's finest residential and business towns.

A full week of events have been planned to entertain the many visitors expected.

The annual Fireman's Fair will be in progress nightly throughout the week starting at 7 p.m. The fair this year is to be bigger and better, providing fun and thrills for young and old alike.

At 6 p.m. July 14 at the Bridgeport Civic Center, the Sesquicentennial opening ceremonies will be held presided over by Mayor Walter Hathaway, who will welcome all visitors and introduce guests of national and local importance.

At this time the new addition to Bridgeport's water system will be dedicated with addresses by government officials of national prominence. Music for this program will be furnished by the Bridgeport High School Band.

Immediately following this ceremony at 7:30 p.m. will be the official Sesquicentennial Parade, which will follow a route east on Philadelphia Avenue to Center Street, then south on Center Street to Main Street, then West on Main Street to Virginia Avenue.

The parade will be made up of many exciting floats, bands, marching units, fire department vehicles from throughout north central West Virginia, clowns, old automobiles and the candidates vying for Sesquicentennial Queen. This parade promises to be one of the most elaborate seen in this area.

Following the parade the public is invited to attend a reception to be held in the dining room of the Civic Center to greet the many honored guests. Refreshments will be served.

During the days of July 14, 15 and 16 there will be an industrial exhibit, open for all to view, in the main auditorium of the Civic Center. On display will be exhibits and products of all the local industries. At the same time, the public is invited to tour the Civic Center building and grounds and view the library, West Virginia Room and the Benedum Room.

On the Civic Center grounds will be found mobile trailers housing displays of West Virginia wildlife from the Department of Natural Resources and the "Telmobile" presented by the C & P. Telephone Company of West Virginia.

All of these displays and exhibits will be open to the public during the hours of 1 p.m. to 8 p.m. each of these days.

At 7 p.m. July 15 a band concert will be presented on the lawn of the Civic Center. Following this event, at 10 p.m. on the stage at the fair grounds, the crowning of the Sesquicentennial Queen will take place. At 10 a.m. July 16 a tribute to "The Great Wildcatter," Michael Late Benedum, in the form of a Birthday Memorial will be held at the Chapel Building at the Bridgeport Cemetery.

Paul G. Benedum, of Pittsburgh, nephew and business associate of the late Michael L. Benedum, will be present to relate some of his memories of this great man. In the early evening of this day, it is hoped there will be a "Fly-Over" of several C-119 transports of the Air National Guard.

tion on joint projects. The Secretary of HEW, rather than the Surgeon General, was given responsibility for the program.

Ten Republican Members of the House Committee on Public Works filed a strong minority report on the reported bill registering our approval of many of its provisions.

The main discord between the House version and the Senate version of the legislation which resulted in the 1961 Act lay in the enforcement provisions. What happened, of course, is well known. The Senate conferees rejected the House provision giving the Secretary of HEW the power to issue orders for abatement, and the Conference substitute provided that if pollution were not abated within the specified time in the notice following the public hearing, the Secretary of HEW could ask the Attorney General of the United States to bring suit to secure abatement in cases of interstate pollution. In the case of intrastate pollution, he could ask for a suit only with the written consent of the State involved.

The 1961 amendments to the Federal Water Pollution Control Act were the culmination of the developments toward amending the 1956 Act which had begun as early as 1958.

The Congress realized, however, that it would take a greater effort at all levels of government, and on the part of industry, agriculture, conservationists, civic and voluntary organizations, and individual citizens to come to grips with the monumental problems of water pollution. It is imperative, however, that the State and local governments and non-governmental entities take the lead in abating water pollution. This is the only effective means by which we can prevent encroachments by the Federal government into the prerogatives of the State and local governments in controlling water pollution.

With the thought in mind that additional water pollution control legislation was needed on a national level, many bills were introduced last year to strengthen the Federal water pollution control program.

The bill to amend the Federal Water Pollution Control Act which was eventually acted upon by both Houses of Congress was S. 4, introduced by Senator EDMUND MUSKIE of Maine, and known as the "Water Quality Act of 1965." This bill passed the Senate in an extremely strong form, and, as a matter of fact, Republicans and Democrats alike expressed similar views, especially with regard to the section on water quality standards applicable to interstate waters and portions thereof.

Let me say from the outset, I do believe that the Water Quality Act of 1965 as finally drafted on a bipartisan basis is, by and large, a constructive and effective piece of legislation. Briefly, it provided for the creation of the Federal Water Pollution Control Administration, through which the Secretary of HEW was to administer the Federal Water Pollution Control Act, as amended. It created the position of an additional Assistant Secretary of HEW to assist the Secretary in supervising and directing the head of the new Administration as well as the administration of all other departmental functions involving water pollution. It authorized research and development grants to demonstrate new or improved methods to eradicate the problems of water pollution caused by overflow of storm sewers or combined storm and sanitary sewers. The 1965 Act provided for a substantial enlargement of the grant program for construction of sewage treatment works, and it doubled the dollar ceiling limitation on grants for construction of waste treatment works for an individual project or a joint project.

Under the 1965 Act, authorizations for appropriations for each of the fiscal years 1966 and 1967 were increased from \$100 to \$150 million, of which \$100 million is to be allocated to the States under the formula of the existing law, based on population and income, and all amounts appropriated in excess of \$100 million are to be allocated on the basis of population alone. Project grants above the dollar ceiling limitations may be made from the latter allotment if the State matches the full Federal contribution made to all projects from this increase in annual allotment. The law further permits the Secretary of the Interior to increase the basic grant by an additional ten percent of the amount of the grant if the project conforms to the comprehensive plan for a metropolitan area. But when the Senate passed bill lay before the House Committee on Public Works for consideration, all was not so well.

REORGANIZATION INTO INTERIOR

Although last year's Act, as all other legislation pertaining to the Federal Water Pollution Control Act, continued the program through the Secretary of Health, Education, and Welfare, the President's Reorganization Plan Number Two of 1966, which transferred the program to the Secretary of the Interior, effective as of May 10, 1966, necessitates our discussion today on the basis of the Federal water pollution control program being administered by the Secretary of the Interior. I will make all references to last year's Act and the law, as amended, in that context.

WATER STANDARDS

The provisions of last year's Act which were the most controversial when the legislation was before the Congress was the section which would have given the Secretary authority to prepare regulations setting forth standards of water quality to be applicable to all interstate waters and portions thereof and to promulgate standards pursuant thereto. It is the requirements of the language which finally evolved from this section which has prompted this meeting today. The provision, as passed by the Senate, would have given the Secretary complete power to control the use of waters of practically every stream in the Nation from the Ohio River to your neighborhood creek, which to a very large and realistic extent would, in fact, have given the Secretary control over the use of the lands adjacent to all such streams. The effect of this provision would have been to establish the Secretary as a nationwide "zoning Czar" over waters and adjacent lands.

Members of the House Committee on Public Works were strongly opposed to such a far-reaching provision. The Committee voted to strike this controversial and unwise provision. The Committee inserted in lieu of the Senate version a provision that each State in order to receive funds under the Act must have filed within 90 days after the date of enactment of the Act (October 2, 1965) a letter of intent with the Secretary that the State would establish water quality criteria applicable to interstate waters on or before June 30, 1967. I think that all of you would agree that the House version was a much more reasonable one than either the Senate's or the one which eventually became law. The legislation, as reported by the House Committee, was sent to the Floor of the House where it was passed without a single "nay" vote.

Obviously, as I have pointed out, standards of water quality are desirable, but efforts should be made first to obtain the establishment of such standards or criteria by the State and local governments which are most familiar with all aspects of the matter in a given locality, including the economic impact of the standards to be established and enforced. Authorizing the Secretary to

promulgate and enforce standards, to the exclusion of the States, would obviously discourage the State and local governments from developing their own plans and standards for water quality. It was the desire and the need to bring the States into the field of water pollution control that other provisions were included in the bill.

This desire to have the States adopt water quality criteria applicable to interstate waters or portions thereof within such States and a plan to implement and enforce such criteria is the very reason that you are gathered here today.

Inasmuch as there was disagreement between the House and the Senate, the bill was submitted to a Conference to have the disagreements worked out. What came out of this Conference was the legislative language which became public law. The water quality standard provision reported by the Conference was the best compromise that could be obtained.

ESTABLISHMENT OF STANDARDS

I want to discuss the 1965 Act as it pertains to water quality standards in more detail, inasmuch as it is the principal purpose of your meeting and because it is complex legislation.

The new law provides that if the Governor of a State or a State water pollution control agency files within one year after the date of enactment of the Act a letter of intent that such a State, after public hearings, will before June 30, 1967, adopt water quality criteria applicable to interstate waters and portions thereof within such State and a plan to implement and enforce such criteria and if the Secretary determines that such criteria and plan are consistent with the provisions of the Act, then such criteria and plan will thereafter be the water quality standards applicable to those interstate waters and portions thereof. If State control is to be preserved here in the Buckeye State, the criteria and a plan must be submitted by Ohio by June 30, 1967, and to be acceptable to the Secretary of the Interior.

The 1965 Act provides further, however, that if a State does not file a letter of intent to establish water quality standards under the provisions which I have just discussed, or if the Secretary or Governor of any affected State wants a revision of the standards, then the Secretary may, after having had a conference of representatives of appropriate Federal departments and agencies, interstate agencies, States, municipalities, and affected industries, prepare and publish regulations setting forth standards of water quality to be applicable to interstate waters or portions thereof. The Secretary may promulgate standards six months after the date he publishes his regulations, unless within that period the State has adopted water quality standards which the Secretary finds to be consistent with the protection of the public health and welfare, the enhancement of water quality, and the general purposes of the Act or unless a petition for a public hearing had been filed under other provisions of the Act.

If the Governor of any State affected by the standards, petitions the Secretary for a hearing at any time after the regulations have been published and prior to thirty days after standards have been promulgated, the Secretary is required to call a public hearing. This public hearing is to be held in or near one or more of the places where the standards will take effect and is to be before a hearing board consisting of at least five persons. The members of the hearing board are to be appointed by the Secretary; however, each affected State may select one member and the Department of Commerce and other affected agencies may each select one member. There is a further restriction that

at least a majority of the hearing board must be persons other than officers or employees of the Department of the Interior. House Conferees in their committee report stated that they expected the Secretary to appoint at least one public member of each hearing board who will be from the area to be directly affected by the standards. The House Conferees also intend that the Secretary in appointing hearing boards will insure a proper balance between all effected parties.

HOUSE CONFEREES INSIST ON STATES RIGHTS

Notice of the public hearing is to be published in the Federal Register and is to be given to the State water pollution agencies, interstate agencies, and municipalities involved at least 30 days before the hearing. After the evidence has been presented and on the basis thereof the hearing board is required to make findings as to whether the Secretary's standards should be approved or modified, and to transmit its findings to the Secretary. If the hearing board approves the standards as published or promulgated, they take effect when the Secretary receives the hearing board's recommendations. If modifications are recommended, the Secretary is required to promulgate revised regulations setting forth standards in accordance with the recommendations, and these revised regulations will take effect immediately upon their promulgation.

The Act provides that the discharge of matter into interstate waters or portions thereof which reduce their quality below the applicable standard, whether the matter is discharged directly into the waters or reaches the waters after discharging into tributaries thereof, is subject to abatement in accordance with the provisions of the Act. However, before abatement is initiated, the Secretary is required to notify the violators and other interested parties of the violation of the standards and at least 180 days must elapse so that there may be voluntary compliance. The House Conferees stated in the Conference Report on the legislation that during such period the Secretary should afford an opportunity for an informal hearing before himself or such hearing officer or board as he may appoint relative to the alleged violation of standards, upon the request of any affected State, alleged violator, or other interested party, so that if possible there can be voluntary agreement reached during this period, thus eliminating the necessity for suit.

In any suit brought to secure abatement of pollution the court is required to receive in evidence a transcript of the conference and hearing, the recommendations of the conference and the hearing board, the recommendation and standards promulgated by the Secretary, and such additional evidence including that related to the alleged violation of the standards as the court deems necessary to a complete review of the standards as well as a determination of all other issues relating to the alleged violation. The court is given jurisdiction to enter whatever judgment and orders the public interest and equities of the case may require after having given due consideration to the practicability and to the physical and economic feasibility of complying with the applicable standards. The existing enforcement procedures in the Federal Water Pollution Control Act consisting of three stages, conference, public hearings, and court action, will continue to be applicable for enforcing the abatement of pollution which endangers the health or welfare of persons.

The Act requires standards of water quality established pursuant to the Act to be such as to protect the public health or welfare, enhance water quality and generally to serve the purpose of the Act. In establishing such standards the Secretary, hearing board, or State, as the case may be, is required to take into consideration their use and value

for water supply, propagation of fish and wildlife, recreation, agriculture, industrial, and other legitimate uses.

In connection with such procedures the Act prohibits any witnesses or other person from being required to divulge in connection with any hearing any trade secrets or secret processes. This was insisted upon by the Minority.

As you can readily see, the 1965 Act is the most far-reaching proposal concerning water quality standards which has ever been enacted by the Congress of the United States.

HOW 1965 ACT IS WORKING

How is the program working? I have been informed by the new Federal Water Pollution Control Administration, now under the supervision of the Secretary of the Interior, that some 36 States, including the District of Columbia, have already filed with the Secretary a letter stating their intent to adopt water quality criteria applicable to interstate waters and portions thereof within their respective State and to adopt a plan to implement and enforce such criteria. This is an encouraging number of States, indeed, inasmuch as the remaining 15 States still have until October 2 of this year to file such a letter of intent. I understand that your State of Ohio was one of the first five States in the Nation to submit such a letter of intent, which is indeed commendable.

It is further my understanding that the majority of the responses received from the various States have been from the Governors themselves, rather than the State water pollution control agency, which may be an encouraging indication of the concern of the States over developing their own criteria and programs to control water pollution. Strong, but realistic, State programs will invalidate any claims by the Federal government that the States are not doing their share in controlling water pollution.

In May of this year the Secretary of the Interior issued guidelines for establishing water quality standards for interstate waters under the provisions of the Water Quality Act of 1965. The guidelines were issued to assist the States in the development of the required water quality criteria and the plan for the implementation and enforcement thereof, and to delineate factors which will be considered in the Secretary's determination of whether the criteria and plan are consistent with the purposes of the Act. In addition to the guidelines in the Act, some twelve policy guidelines are given in the Secretary's release.

Unfortunately, there is not time here today to discuss the policy guidelines issued by the Secretary, but I am sure that they will be covered in other sessions of your conference.

Obviously, the provisions of the Water Quality Act of 1965 must be complied with. What we all must do is to make sure that the interests of all affected individuals, governing bodies, and industries are accurately represented and given a fair airing. If we enact satisfactory programs on State levels, there will be no need to resort to Federal regulations and standards.

NEW PROPOSALS FOR LEGISLATION

There are proposals before the Congress which, if enacted, would contribute more substantially to the abatement of water pollution from industrial sources than the present or proposed procedures of the Executive Branch. The application of Federal regulations is a negative response to a positive need. Proposals to encourage industry to prevent water pollution by allowing the cost of treatment works for the abatement of stream pollution to be amortized at an accelerated rate for income tax purposes are preferable, in my opinion, to continuing escalation of Federal expenditure and Federal regulation.

On March 15th of this year, I introduced a bill, H.R. 13616, to amend the Internal

Revenue Code of 1954 to provide such a tax incentive to industry for the construction of waste treatment works. Under the provisions of my bill, every person, at his election, would be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment work over a period of five years. In this context, treatment work means any facility, land, building, machinery, or equipment, or any part thereof, used to control water pollution by removing, altering, or disposing of wastes from any type of manufacturing process, including the necessary intercepting sewers, outfall sewers, pumping, power, and other equipment, and their appurtenances. I understand that the concept embodied in my bill of accelerated depreciation of capital assets would probably be much more palatable to the Committee on Ways and Means than to consider such expenditures, which in fact are capital expenditures, as ordinary expenses that could be fully deducted in the year incurred or spread over a number of years at the option of the taxpayer, as many bills before that Committee would do.

I think proposals, like mine, are a much more constructive way to prevent industrial pollution of our waters without being detrimental to the industries themselves than any, if not most, of the proposals which have come from the Administration.

One thing remains abundantly clear. The Johnson Administration and the Secretary of the Interior are striving to exercise complete control over the waters of the Nation. What we must do is to see that the States adopt satisfactory programs and implement and enforce those programs to prevent further encroachments by the Federal government.

Already, there are many bills before the Congress to amend the Federal Water Pollution Control Act and to set up new Federal water pollution control programs. Many of these bills call for even stronger standards and Federal authority to control pollution. I feel that it is unwise at this time to change the existing law as it pertains to water quality standards, if such changes would result in more Federal control. I suggest that it is very unwise for anyone to suggest amending the existing water quality standard provisions of the Act when the regulation under present law will not go into effect until June 30, 1967.

Next week, on Tuesday, Wednesday, and Thursday, the House Committee on Public Works begins public hearings on pending legislation to amend the Federal Water Pollution Control Act and to establish other Federal water pollution control programs. There are no less than forty bills on water pollution control pending before the Committee for consideration this Session. I sincerely hope that any legislation enacted this year will be realistic, and I for one will work for palatable legislation.

Your meeting here today is indeed praiseworthy. It is encouraging to see representatives of various interests meeting to learn about the water pollution control program and how it affects them, directly and indirectly. I hope your efforts are successful, and I hope that the State of Ohio is permitted to establish its own water quality standards and to carry out its own clean water program.

FOREIGN AID REASSESSMENT

(Mr. HARVEY of Indiana (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HARVEY of Indiana. Mr. Speaker, I expect to vote "No on H.R. 15750 unless it is amended to limit its extension to 1 year and the amount authorized is

also reduced. We have continued this program of foreign aid over a period of years in an inefficient manner. It has not won friends for us nor have the funds been effectively utilized. Last year there was much sentiment in the other body to eliminate the present program and not reinaugurate another until a complete reassessment of its value had been made. It is my judgment that this should be done.

A DOCTOR WRITES HIS PATIENTS

(Mr. ASHBROOK (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ASHBROOK. Mr. Speaker, I recently received a copy of a letter which two fine doctors wrote to their patients regarding the advent of medicare and its coverage. They very succinctly pointed out what it would do and what it would not do. There is a great misunderstanding regarding medicare and many liberal spokesmen make it appear that the new and costly program will wipe disease off the face of the map by virtual push button control.

Dr. James Joseph Hughes and Thomas Michael Hughes very ably put the whole matter in its proper perspective in the following letter:

COLUMBUS, OHIO, July 1, 1966.

To all our patients:

Now that medicare is law we feel that you should know exactly where we stand. We are not sure as to what kind of law it is—lawyers tell us that it is 1,000 pages long; we do know that the government has issued two books of instructions and these are frightening. We need to remember that the law was supposedly enacted to subsidize those over 65 (at present) and not to control the professional service.

Our policy has always been to provide the best medical service possible to all our patients. This policy will not be changed by medicare.

What does this mean to you if you are over 65 or have someone in your family who is?

1. You will need no "medicare card" to see either doctor; you have not needed this in the past. Your only "eligibility requirement" is that you need our service; this has been the only "eligibility requirement" in the past and the only limits on our practice have been the limits of time and space.

2. We will continue to bill you as we have in the past. We will look to you for payment of fees, as we have done in the past; we will not use nor accept assignments under "Part B" because then our obligation would no longer be to you but to a third party, the government or the insurance carrier.

3. We will furnish you, and you alone, with the necessary medical information so that you can seek reimbursement from whatever source you choose; this is lawful. This information will be on our own forms, rather than on any government or insurance company forms; the forms we plan to use are furnished by the Ohio State Medical Association. This is done to limit the paper work, "the red tape"; it is done in order to prevent the paper work from taking over the physician's time. We feel that the physician's time should be devoted to patient service rather than to paper service.

4. If you are eligible for medicare and need hospitalization we will continue the current practice of signing your hospital chart, thus

indicating that you need to be in the hospital.

In summary, we will continue to provide professional medical service rather than political medical service—we are not trained in the latter. And it is for that reason that we will continue to provide medical service, as we can, to you; and that we will continue to look to you for our fees. You can then look to anyone you choose for reimbursement—the law provides for this!

We need to remember that the only compulsory feature of medicare is the obligation to pay the taxes—an obligation on all taxpayers!

JAMES JOSEPH HUGHES, M.D.

THOMAS MICHAEL HUGHES, M.D.

UNUSUAL "ARMY" OF INTERLOCKING CORPORATIONS ENGAGES IN THE WAR ON POVERTY

(Mr. CRAMER (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CRAMER. Mr. Speaker, I am today placing in the RECORD the fourth and fifth in a series of six articles which have been published in recent editions of the St. Petersburg Times. These articles bring to light further irregularities in the administration of the war on poverty on the west coast of Florida. Part 1 appeared in the RECORD of July 12 at page 14681 and part 2 appeared in the RECORD of July 13 at page 14794.

SOME MIGRANT MONEY USED FOR UNEXPECTED BILLS

(EDITOR'S NOTE.—Times staff writers Jack Nease and Bette Orsini today continue their inquiry into the way war-on-poverty funds are being spent by organizations commanded by Dr. Thomas P. Hardeman. So far they have been denied inspection of records of programs supported wholly by public funds and denied knowledge of the true ownership of land leased by these organizations with public funds. Today they write about some curious expenditures in the VISTA program.) (Fourth of a series by Bette Orsini and Jack Nease)

Some of the more than \$600,000 in federal funds spent by the Community Action Fund (CAF) to help migrant farm workers in the past 12 months has been used for unexpected purposes.

Some \$20,000 to \$25,000 of the money was used, for example, to rent automobiles for Volunteers In Service To America (VISTA) assigned to work with the migrants.

Thomas P. Hardeman, CAF president, says he was told last year that the money would be reimbursed by the VISTA office in Washington.

Now, he says, VISTA officials will not repay CAF for the expense and it will have to be absorbed by the migrant program.

The VISTA car rentals are included in the \$51,956 in travel expenses reported by CAF in a recent tabulation. Nowhere in CAF records made available to The Times are the volunteer car rentals listed separately.

The \$20,000 to \$25,000 estimate was made by a bookkeeper for CAF.

Some volunteers apparently traveled quite a bit during their work with Florida farm workers.

One rental car assigned to a VISTA was driven 9,126 miles between Aug. 9 and Dec. 1, 1965. The bill came to \$1,392.

Another volunteer's rental car was driven 6,664 miles during the same period, and another volunteer drove a rental car 2,148 miles in a 16-day period.

CAF paid both daily fees and mileage charges for the cars. The practice was stopped this month, one official said.

Hardeman refused to name the official in the Office of Economic Opportunity (OEO) who approved the car rentals.

Several other expense items in the migrant program, and a related Community Service Foundation (CSF) VISTA training program, aren't what they seem at first glance.

CSF records, for example show payments to Bob Fellows, a former Tampa newsman, as a \$75-a-day "consultant."

Hardeman said Fellows was really paid for taking pictures.

Fellows was paid \$300 on Aug. 10, 1965, for four days of "consulting" and \$375 Aug. 31, for five days.

Hardeman and a Tampa attorney affiliated with the migrant program have been paid as consultants to the program also, although total amounts received by them are relatively small.

CSF records show Hardeman received a \$50 check Sept. 16 as a consulting fee for work done June 13, 1965.

Howard Garrett, a Tampa attorney who is secretary-treasurer of CAF and chairman of the board of the newly-formed Migrant Legal Services Inc. (MLS), has received at least \$660 from the Hardeman groups.

Early in the program Garrett was paid \$100 for two days consultation and \$32 for two days per diem from CSF migrant funds. Both checks are dated July 2, 1965. Another \$25 was paid to prepare a lease.

Later, when the migrant program was shifted to CAF, Garrett's law firm was paid a \$175 consulting fee Nov. 3, 1965, and \$281.25 for "consultant service" April 21, 1965.

Garrett has also been paid as a \$50-a-day lecturer in the CSF VISTA training program, but records for this program past Oct. 1, 1965, are secret.

So are records showing the full amount of rent paid the H.A.S. Corporation, which lists Garrett as president, for rent of the VISTA training camp south of Bradenton. Garrett has said the real owners of the camp don't want their identity known.

Jack Mansfield, who later joined the CSF staff and is president of MLS, also received consulting fees early in the program. He was paid \$200 for two days consultation and \$129.44 for plane fare and per diem July 6.

Mansfield also was paid \$242.66 from migrant funds March 10. There was no explanation of the payment on the check.

Mansfield's current salary comes from the CSF payroll, which handles the VISTA program, but he received a check for \$462 on March 18, 1966, from the CAF payroll account.

The migrant funds, which totaled \$623,568 from June 1965, through mid-May 1966, was checked by a federal auditor for the first time last week. His findings have not been made public.

Periodic auditing of the CAF funds has been done by Clearwater CPA Mildred C. DeJane, who received varying amounts for this service. She also received \$100 a week to audit the CSF VISTA books.

CAF also employs a bookkeeper, Walt Neiger, to post accounts but Neiger appears to have little to do with actual accounting of the funds.

Real control of the federal funds handled by CSF and CAF is in the hands of Mrs. Hazel Ramsey, a long-time employee of CSF.

Only Mrs. Ramsey signs payroll checks for the two programs. Checks for other expenditures in the migrant program require both her signature and that of Hardeman, but in many cases Hardeman's signature is put on with a rubber stamp.

According to available records, Mrs. Ramsey was being paid \$137.50 a week last July, received a \$300 bonus early in August, and in late August began receiving \$187.50 a week.

When reporters first asked to see the VISTA training fiscal records, Hardeman said

Mrs. Ramsey had taken them home to work on during her vacation.

Five days later, but before Mrs. Ramsey returned to work, Hardeman and Mansfield produced the records after having gone through them in another section of the CAF office suite.

Reporters discovered the record-sifting process when they went to ask questions about another subject.

Many purchases for the migrant program were made from rather large petty cash funds maintained in each of the five regions.

One regional director received \$1,798 in petty cash funds during a five-month period. Some regions attempted to keep petty cash balances of \$250 and \$300.

The OEO has since ordered CAF to reduce petty cash balances to \$50.

SOME CAF-CSF FUNDS AMAZINGLY GYMNASTIC

(Fifth of a series by Bette Orsini and Jack Nease)

(EDITOR'S NOTE.—Times Staff writer Jack Nease and Bette Orsini today continue their inquiry into the fiscal affairs of a \$2.36-million complex of anti-poverty operations run by Thomas P. Hardeman. So far the reporters have been denied access to records of programs supported wholly by public funds and denied knowledge of the true ownership of land leased by three organizations with public funds. Today they write about some interesting gymnastics with poverty funds.)

Poverty funds sometimes go through some interesting gymnastics in the \$2.36-million Community Action Fund-Community Service Foundation complex operated by Thomas P. Hardeman.

Reporters asking to see fiscal records of a \$626,410 CAF migrant Program arm of the complex were given some—but not all—of the accounts to examine.

Tracing one transaction to its source turned up a separate CAF "administrative account." It contained some interesting notations.

The migrant program accountant is not permitted access to the account and says he "doesn't ask questions."

"They don't tell me—and I don't want to know," he volunteered.

The account was just getting started when reporters began looking at the records.

It appeared to have been set up primarily to handle an expense not permitted by the Office of Economic Opportunity. Walt Neiger, the accountant, said some of the money went for down payment on a mobile home in a transaction "under no condition allowable by OEO."

The account was opened March 24 with a \$200 deposit. The first check was for \$200 a week later to George Coble and John Adonis. The records contain an April 15 note signed by Coble and William H. Johnson promising to pay the CAF administrative account \$438 "in replacement of a loan."

Another prime purpose for the account according to Neiger's information was to have a depository to receive a \$514.91 "profit" the Community Action Fund realized on a separate \$4,900.38 contract with the federal government to run a VISTA training conference in St. Petersburg last December.

The OEO paid poverty funds to CAF at the rate of \$15.41 per day per volunteer for three days for 106 VISTA volunteers.

Conference records indicate a consistent total of 95 volunteers attending each of the three days' series of workshops. Some drew an attendance as low as half a dozen VISTA's. Newspaper accounts in the conference file list an attendance of 101.

At any rate the federal government paid for 106 and the \$514.91 leaped from the CAF account to the closely guarded CAF "administrative account."

It was deposited by Hardeman and provided the capital for a series of loans, advances and other expenses.

In another interesting gymnastic, payments to one employe who had been receiving his checks from the CAF migrant account suddenly switched to the CAF administrative account.

Asked about the switchup Neiger said it involved a personnel problem he couldn't talk about and referred questioners to Hardeman. A Hardeman spokesman said the employe "did some work" for the administrative section.

The payment was for \$137.50 to Billy Weeks, a former migrant center regional director taken off the payroll.

The check notation said the money was for "mileage."

Administrative account records showed "mileage" for 1,375 miles of travel by Weeks in 20 days "building community good-will and understanding." A notation said "trip authorized by Thomas P. Hardeman."

Seven weeks later Weeks was paid \$200 from the account with a check marked "con. fees."

The files contain a May 19 letter from Weeks saying he received "the check for VISTA instruction" but didn't get paid for his last week's work.

The contents of the letter are interesting. Weeks wrote, "I have never received a check for my last weeks (sic) work. This was the week you asked me to go to the state office on Friday. I understand you were to pay me with

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The contents of the letter are interesting. Weeks wrote, "I have never received a check for my last weeks (sic) work. This was the week you asked me to go to the state office on Friday. I understand you were to pay me with the \$230.00 I raised from friends for that week. This was put in the Community Service Foundation (Migrant Program) Special Fund."

Among the first deposits in the account were one for \$200 and one for \$30. It was these funds though that went to cover the disallowable OEO expense on buying the trailer.

It is impossible to determine the amount of one loan made out of the account. A mixup of deposit and payment computations leaves the loan amount in question.

None of the CAF officials asked could supply figures to put the account back into balance—and hadn't noticed it was out of balance.

The VISTA conference payments produced more puzzlers.

The only record of how the \$4,900 in poverty funds was spent was a nearly illegible handwritten report on a torn half piece of note paper. It listed printing and stationery figures, \$200 for consultants, \$300 for mileage, left a blank for per diem and noted a hotel bill of \$3,904.77.

Another notation gave a breakdown of the consultant fees and noted expenditure of \$514.91 marked "CAF." This amount later

was deposited by Hardeman to his CAF administrative account.

The files contained no statement supporting the \$3,904.77 hotel bill to the Princess Martha when first checked by reporters and CAF officials.

The next day CAF officials told reporters they found the bill "right after you left" and produced it from the files which had not contained it the day before.

There was a breakdown on all but three "miscellaneous" items for about \$100 each. There is still no information available on the miscellaneous \$300.

Next: 21 Attorneys.

THE PLAN TO DEFILE ONE OF NATURE'S GREAT MASTERPIECES

(Mr. SAYLOR (at the request of Mr. DAVIS of Wisconsin) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SAYLOR. Mr. Speaker, in order that every Member of Congress may know the complete implications of H.R. 4671, the central Arizona project which includes provisions for intruding upon the monumental beauty of the Grand Canyon through construction of two unnecessary hydroelectric dams, I shall continue to place in the RECORD various statements, news articles and editorials, and other pertinent material.

Today I ask unanimous consent for inclusion of an analysis by Luther Carter from the June 17 issue of Science, a publication of the American Association for the Advancement of Science. The article is accompanied by a set of photographs which of course cannot appear in the RECORD. Two of the photos are described by the following caption:

Bridge Canyon dam, a 736-foot high concrete-arch structure shown by an artist on the photograph above, would nearly fill the Grand Canyon's inner gorge. Marble Canyon dam, as indicated by the line in the photograph at upper left, would stand 310 feet high—its top nearly 400 feet below the rim of the inner gorge.

Mr. Speaker, for anyone who may wish to study these photos showing the deleterious effects of the proposed dams on majestic Grand Canyon, I shall be happy to obtain copies.

In addition to the destruction of a natural birthright, the dams would cost U.S. taxpayers only a million dollars short of three-quarters of a billion dollars, an expenditure defying sound economic reasoning particularly in a time when the Nation can least afford extravagance. Since the only reason for the dams would be to produce electricity and since the power could be generated more economically in steamplants, the proposal is all the more distasteful.

The Science article follows:

GRAND CANYON: COLORADO DAMS DEBATED

The Grand Canyon, carved by the Colorado River over a leisurely 9 million years, is indisputably one of nature's great masterpieces. The politicians of the Pacific Southwest, in something of a hurry, have been at work on a masterpiece of their own—a multi-billion-dollar water project which, while offensive to some tastes, is drawn to a scale impressive by human standards.

Besides two dams in the Grand Canyon, which are the project's most celebrated feature to date, it would include the Central

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 18, 1966
For actions of July 15, 1966
89th-2nd; No. 113

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Child nutrition.....7	Labor standards.....4	Water.....2

HIGHLIGHTS: Senate passed agricultural appropriation bill.

SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1967. By a vote of 77-2, passed with amendments this bill, H. R. 14596 (pp. 15093-123). Senate conferees were appointed (p. 15122). House conferees have not yet been appointed. Agreed to an amendment by Sen. Montoya (modified) to increase the appropriation for the food stamp program by \$15 million, making the total appropriation \$140 million (pp. 15111-14). Agreed to an amendment by Sen. Hart to provide \$2.5 million additional for school lunch program for special assistance to needy schools, making the total appropriation \$169,500,000 (pp. 15116-18). Rejected, 53-28,

an amendment by Sen. Brewster to limit to \$50,000, to any one person or entity, price support loans or payments in connection with the Food and Agriculture Act of 1965 (pp. 15093-111).

2. WATER. The Foreign Relations Committee reported without amendment S. J. Res. 167, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. (S. Rept. 1373). p. 15085
Sen. Moss inserted the text of a debate between Canada's Gen. McNaughton, who "opposed export of surplus water to the United States", and himself, "an advocate of the North American Water and Power Alliance". pp. 15143-4
3. EDUCATION. A subcommittee of the Labor and Public Welfare Committee voted to report to the full committee with amendments S. 3046, the proposed Elementary and Secondary Education Act Amendments of 1966. p. D627
4. LABOR STANDARDS. A subcommittee of the Labor and Public Welfare Committee approved for full committee consideration with amendments H. R. 13712, to increase minimum wages and extend such coverage to additional employees. p. D627
5. RECLAMATION. Sen. Kuchel inserted Floyd E. Dominy's, Commissioner of Reclamation, address: "Reclamation Is Conservation". pp. 15126-9
6. TRANSPORTATION. Sen. Bartlett discussed current developments in the field of containerization and inserted articles, "Beef Export By Container A Reality" and Exports of Meat Expected to Rise: New Shipping Developments Create Favorable Climate", pp. 15149-51
7. CHILD NUTRITION. Sen. Proxmire expressed hope that the House will "act quickly" to pass the Ellender child nutrition bill. pp. 15142-3
8. FOREIGN AID. Sen. Lausche submitted two amendments to S. 3584, the foreign aid authorization bill, which he stated "would allow, whenever the President so determines that it is in the national interest, extending the number from 10 to a number above in the case of development loans, and to a number above 40 in the case of technical aid assistance" (p. 15087). This bill was made the unfinished business of the Senate (p. 15154).
H. R. 15750, to amend further the Foreign Assistance Act of 1961, was placed on the calendar. p. 15085
9. ADJOURNED until Mon., July 18. p. 15155

ITEM IN APPENDIX

10. FOREIGN TRADE. Extension of remarks of Rep. Cameron stating that "the economic plight of India must be alleviated", and commended that government's announcement outlining a policy of liberalization of restrictions on imports. pp. A3741-2

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COMMITTEE HEARING JULY 18:

Sale of grain storage facilities to nonprofit agencies, H. Agriculture (Fitzgerald, ASCS, to testify).

oOo

89TH CONGRESS
2D SESSION

Received; read twice and ordered to be placed on the calendar

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1966".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended as follows:

10 (a) At the end of the ninth paragraph, add the fol-
11 lowing new sentence: "It is further the sense of the Con-

gress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.”

(b) In the last paragraph, immediately before the period at the end thereof, insert the following: “and to provide adequate compensation for such damage or destruction”.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201 (b), which relates to general authority, is amended by inserting after the second sentence thereof the following new sentence: “In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.”

(b) Section 202 (a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out “\$1,200,000,000” and all that follows down through “succeeding fiscal years” and insert in lieu thereof “\$1,000,000,000 for each of the fiscal years 1967 through 1971”.

1 (2) In the second proviso, strike out "June 30, 1965,
2 and June 30, 1966" and insert in lieu thereof "June 30,
3 1967, through June 30, 1971".

4 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
5 GRANTS

6 SEC. 103. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates to tech-
8 nical cooperation and development grants, is amended as
9 follows:

10 (a) Section 211, which relates to general authority, is
11 amended by adding at the end thereof the following new
12 subsection:

13 “(d) Not to exceed \$10,000,000 of funds made avail-
14 able under section 212, or under section 252 (other than
15 loan funds), may be used for assistance, on such terms and
16 conditions as the President may specify, to research and
17 educational institutions in the United States for the purpose
18 of strengthening their capacity to develop and carry out
19 programs concerned with the economic and social develop-
20 ment of less developed countries.”

(b) Section 212, which relates to authorization, is amended by striking out all after "President for" and inserting in lieu thereof "each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed \$231,-

1 310,000. Amounts appropriated under this section are au-
2 thorized to remain available until expended."

3 (c) Section 214, which relates to American schools and
4 hospitals abroad, is amended as follows:

5 (1) In subsection (b), strike out "to hospitals outside
6 the United States founded or sponsored by United States
7 citizens and serving as centers for medical education and
8 research" and insert in lieu thereof "to institutions referred
9 to in subsection (a) of this section, and to hospital centers
10 for medical education and research outside the United States,
11 founded or sponsored by United States citizens".

12 (2) In subsection (c), strike out all after "this section,
13 for" and insert in lieu thereof "each of the fiscal years 1967
14 and 1968 not to exceed \$10,989,000. Amounts appropri-
15 ated under this subsection are authorized to remain available
16 until expended."

17 (3) At the end thereof, add the following new sub-
18 section:

19 "(d) There is authorized to be appropriated to the
20 President for the purposes of section 214 (b), in addition to
21 funds otherwise available for such purposes, for the fiscal
22 year 1967, \$1,000,000 in foreign currencies which the
23 Secretary of the Treasury determines to be excess to the
24 normal requirements of the United States."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221 (b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$8,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1970".

(b) Section 221 (c), which relates to limitations on investment guaranties, is amended by striking out "twenty years" and inserting in lieu thereof "thirty years".

(c) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing

1 guaranteed under section 221 (b) (2) or section 224, the
2 Administrator of the Agency for International Development
3 shall prescribe the rate of interest allowable to the eligible
4 United States investor, which rate shall not be less than one-
5 half of 1 per centum above the then current rate of in-
6 terest applicable to housing mortgages insured by the De-
7 partment of Housing and Urban Development. In no event
8 shall the Administrator prescribe an allowable rate of in-
9 terest which exceeds by more than 1 per centum the then
10 current rate of interest applicable to housing mortgages in-
11 sured by such Department.”

12 (d) Section 224, which relates to housing projects in
13 Latin American countries, is amended as follows:

14 (1) In subsection (b) (1), strike out “Federal Hous-
15 ing Administration” and insert in lieu thereof “Department
16 of Housing and Urban Development”.

17 (2) In subsection (c), strike out “\$400,000,000” and
18 insert in lieu thereof “\$500,000,000: *Provided*, That \$350,-
19 000,000 be used for the purposes of section 224 (b) (1)”.

20 (3) In the last proviso of subsection (c), strike out
21 “1967” and insert in lieu thereof “1970”.

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251 (b), which relates to general authority, is amended by inserting immediately after the third sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 through 1971".

(3) In the last sentence, strike out "June 30, 1965

1 and June 30, 1966” and insert in lieu thereof “June 30,
2 1967, through June 30, 1971”.

3 TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
4 REGIONAL PROGRAMS

5 SEC. 106. Chapter 2 of part I of the Foreign Assistance
6 Act of 1961, as amended, is amended by adding at the end
7 thereof the following new titles:

8 “TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND
9 REGIONAL PROGRAMS

10 “SEC. 271. GENERAL PROVISIONS.—The acceleration
11 of social and economic progress in southeast Asia is important
12 to the achievement of the United States foreign policy
13 objectives of peace and stability in that area. It is
14 the sense of Congress that this objective would be served
15 by an expanded effort by the countries of southeast Asia and
16 other interested countries in cooperative programs for social
17 and economic development of the region, employing both
18 multilateral and bilateral channels of assistance.

19 “SEC. 272. SPECIAL PROVISIONS.—In providing as-
20 sistance to further the purposes of this title the President
21 shall take into account—

22 “(1) initiatives in the field of social and economic
23 development by Asian peoples and institutions;

1 “(2) regional economic cooperation and integra-
2 tion in southeast Asia;

3 “(3) the extent of participation by other potential
4 donor countries;

5 “(4) the degree of peaceful cooperation among the
6 countries of southeast Asia toward the solution of com-
7 mon problems; and

8 “(5) the ability of multilateral institutions or other
9 administering authorities to carry out projects and pro-
10 grams effectively, efficiently, and economically.

11 “SEC. 273. AUTHORIZATION.—The President is au-
12 thorized to utilize funds otherwise available to carry out
13 the provisions of part I of this Act (other than title VI of
14 this chapter) to furnish assistance under this title on such
15 terms and conditions as he may determine, in order to pro-
16 mote social and economic development and stability in south-
17 east Asia.

18 “TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS
19 IN DEVELOPMENT

20 “SEC. 281. In carrying out programs authorized in this
21 chapter, emphasis shall be placed on assuring maximum
22 participation in the task of economic development on the part
23 of the people of the developing countries, through the en-

1 couragement of democratic private and local governmental
2 institutions.”

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS
4 AND PROGRAMS

5 SEC. 107. Chapter 3 of part I of the Foreign Assistance
6 Act of 1961, as amended, which relates to international
7 organizations and programs, is amended as follows:

8 (a) Section 301 (a) , which relates to general authority,
9 is amended by inserting immediately after “by such orga-
10 nizations” the following: “, and in the case of the Indus
11 Basin Development Fund administered by the International
12 Bank for Reconstruction and Development to make grants
13 and loans payable as to principal and interest in United
14 States dollars and subject to the provisions of section
15 201 (d) ,”.

16 (b) Section 301 (b) , which relates to general authority,
17 is amended by striking out “United Nations Expanded Pro-
18 gram of Technical Assistance and the United Nations Spe-
19 cial Fund” and inserting in lieu thereof “United Nations
20 Development Program” and by adding at the end thereof the
21 following new sentence: “The President shall seek to assure
22 that no contribution to the United Nations Development
23 Program authorized by this Act shall be used for projects for
24 economic or technical assistance to the Government of Cuba,
25 so long as Cuba is governed by the Castro regime.”

1 (c) Section 301(c), which relates to assistance for
2 Palestine refugees in the Near East, is amended by striking
3 out the last sentence and inserting in lieu thereof the follow-
4 ing: "Contributions by the United States for the fiscal year
5 1967 shall not exceed \$13,300,000. No contributions under
6 this subsection shall be made except on the condition that
7 the United Nations Relief and Works Agency take all pos-
8 sible measures to assure that no part of the United States
9 contribution shall be used to furnish assistance to any refugee
10 who is receiving training as a member of the so-called Pales-
11 tine Liberation Organization."

12 (d) Section 301 is amended by adding at the end thereof
13 the following new subsection:

14 “(d) The President shall seek to assure that no pay-
15 ment or contribution by the United States to the United
16 Nations or to any agency or activity thereof shall be used for
17 any program or activity which is contrary to the policies
18 of the United States.”

19 (e) Section 302, which relates to authorization, is
20 amended to read as follows:

21 “SEC. 302. AUTHORIZATION.—(a) There is author-
22 ized to be appropriated to the President for grants to carry
23 out the purposes of this chapter, in addition to funds avail-
24 able under any other Act for such purposes, for each of the
25 fiscal years 1967 and 1968 not to exceed \$140,433,000.

1 “(b) There is authorized to be appropriated to the
2 President for loans for Indus Basin Development to carry
3 out the purposes of this chapter, in addition to funds available
4 under this or any other Act for such purposes, for use begin-
5 ning in the fiscal year 1968, \$51,220,000.

6 “(c) There is authorized to be appropriated to the
7 President, for the fiscal year 1967, \$1,000,000 for contribu-
8 tions to the United Nations Children’s Fund during the
9 calendar year 1967. Funds made available under this sub-
10 section shall be in addition to funds available under this or
11 any other Act for such contributions and shall not be taken
12 into account in computing the aggregate amount of United
13 States contributions to such fund for the calendar year 1967.

14 “(d) None of the funds available to carry out this
15 chapter shall be contributed to any international organization
16 or to any foreign government or agency thereof to pay the
17 costs of developing or operating any volunteer program of
18 such organization, government, or agency relating to the
19 selection, training, and programing of volunteer manpower.”

20 CHAPTER 4—SUPPORTING ASSISTANCE

21 SEC. 108. Section 402 of the Foreign Assistance Act
22 of 1961, as amended, which relates to authorization for sup-
23 porting assistance, is amended to read as follows:

24 “SEC. 402. AUTHORIZATION.—There is authorized to

1 be appropriated to the President to carry out the purposes
 2 of this chapter for each of the fiscal years 1967 and 1968 not
 3 to exceed \$200,000,000. In addition, there is authorized
 4 to be appropriated to the President for use in Vietnam in
 5 each of the fiscal years 1967 and 1968 to carry out the
 6 purposes of this chapter not to exceed \$550,000,000:
 7 *Provided*, That where commodities are furnished on a grant
 8 basis under chapter 4 of part I under arrangements which
 9 will result in the accrual of proceeds to the Government of
 10 Vietnam from the sale thereof, such proceeds shall not be
 11 budgeted by the Government of Vietnam for economic
 12 assistance projects or programs unless the President or his
 13 representative has given his prior written approval.
 14 Amounts appropriated under this section are authorized to
 15 remain available until expended.”

16 CHAPTER 5—CONTINGENCY FUND

17 SEC. 109. Section 451 of the Foreign Assistance Act of
 18 1961, as amended, which relates to contingency fund, is
 19 amended as follows:

20 (a) In subsection (a), strike out “the fiscal year 1966”
 21 and insert in lieu thereof “each of the fiscal years 1967 and
 22 1968” and strike out the last sentence.

23 (b) In subsection (b), strike out “the first sentence of”.

1 PART II

2 CHAPTER 2—MILITARY ASSISTANCE

3 SEC. 201. Chapter 2 of part II of the Foreign Assistance
4 Act of 1961, as amended, which relates to military assist-
5 ance, is amended as follows:

6 (a) Section 504 (a), which relates to authorization, is
7 amended to read as follows:

8 “(a) In addition to such amounts as may be otherwise
9 authorized to support Vietnamese forces and other free world
10 forces in Vietnam, there is authorized to be appropriated to
11 the President to carry out the purposes of this part (exclud-
12 ing the support of Vietnamese forces and other free world
13 forces in Vietnam) not to exceed \$917,000,000 for each of
14 the fiscal years 1967 and 1968. Amounts appropriated
15 under this subsection are authorized to remain available
16 until expended.”

(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

20 “(e) No assistance shall be provided under this chap-
21 ter to any country to which sales are made under title I of
22 the Agricultural Trade Development and Assistance Act
23 of 1954 until such country has entered into an agreement to
24 permit the use of foreign currencies accruing to the United
25 States under such title I to procure equipment, materials,

1 facilities, and services for the common defense including in-
2 ternal security, in accordance with the provisions of section
3 104 (c) of such title I.”

4 (c) Section 508, which relates to reimbursements, is
5 amended by adding at the end thereof the following new
6 sentence: “Such amounts of the appropriations made avail-
7 able under this part (including unliquidated balances of funds
8 heretofore obligated for financing sales and guarantees) as
9 may be determined by the President shall be transferred to,
10 and merged with, the separate fund account.”

11 (d) Section 510 (a), which relates to special authority,
12 is amended as follows:

13 (1) In the first sentence, strike out “the fiscal year
14 1966” and insert in lieu thereof “each of the fiscal years
15 1967 and 1968”.

16 (2) In the second sentence, strike out “the fiscal year
17 1966” and insert in lieu thereof “each fiscal year”.

18 (e) Section 512, which relates to restrictions on mili-
19 tary aid to Africa, is amended by striking out “fiscal year
20 1966” and inserting in lieu thereof “each fiscal year”.

21 (f) At the end of such chapter 2, add the following
22 new section:

23 “SEC. 514. ADMINISTRATION OF SALES AND EX-
24 CHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND
25 SERVICES.—Programs for the sale or exchange of defense

1 articles or defense services under this chapter shall be ad-
 2 ministered so as to encourage regional arms control and dis-
 3 armament agreements and so as to discourage arms races.”

4 PART III

5 CHAPTER 1—GENERAL PROVISIONS

6 SEC. 301. Chapter 1 of part III of the Foreign Assist-
 7 ance Act of 1961, as amended, which relates to general
 8 provisions, is amended as follows:

9 (a) Section 601, which relates to encouragement of
 10 free enterprise and private participation, is amended as
 11 follows:

12 (1) In subsection (b), immediately after paragraph
 13 (1), insert the following new paragraph:

14 “(2) establish an effective system for obtaining ade-
 15 quate information with respect to the activities of, and
 16 opportunities for, nongovernmental participation in the
 17 development process, and for utilizing such information
 18 in the planning, direction, and execution of programs
 19 carried out under this Act, and in the coordination of such
 20 programs with the ever-increasing developmental ac-
 21 tivities of nongovernmental United States institutions;”.

22 (2) In subsection (b), redesignate paragraphs (2),
 23 (3), (4), (5), and (6) as paragraphs (3), (4), (5),
 24 (6), and (7), respectively.

25 (3) In subsection (b), strike out “and” at the end

1 of paragraph (6), as so redesignated by paragraph (2) of
2 this subsection; strike out the period at the end of paragraph
3 (7), as so redesignated by paragraph (2) of this subsection,
4 and insert in lieu thereof a semicolon; and at the end thereof
5 add the following new paragraph:

6 “(8) utilize the services of United States private
7 enterprise on a cost-plus incentive fee contract basis to
8 provide the necessary skills to develop and operate a
9 specific project or program of assistance in a less de-
10 veloped friendly country or area in any case in which
11 direct private investment is not readily encouraged, and
12 provide for the transfer of equity ownership in such
13 project or program to private investors at the earliest
14 feasible time.”

15 (4) Subsection (c) is amended to read as follows:

16 “(c) (1) There is hereby established an International
17 Private Investment Advisory Council on Foreign Aid to be
18 composed of such members of leading American business
19 specialists as may be selected, from time to time, by the
20 Administrator of the Agency for International Development
21 for the purpose of carrying out the provisions of this sub-
22 section. The members of the Board shall serve at the pleas-
23 ure of the Administrator, who shall designate one member
24 to serve as Chairman.

1 “(2) It shall be the duty of the Council, at the request
2 of the Administrator, to make recommendations to the Ad-
3 ministrator with respect to particular aspects of programs and
4 activities under this Act where private enterprise can play
5 a contributing role and to act as liaison for the Administrator
6 to involve specific private enterprises in such programs and
7 activities.

8 “(3) The members of the Advisory Council shall re-
9 ceive no compensation for their services but shall be entitled
10 to reimbursement in accordance with section 5 of the Admin-
11 istrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel
12 and other expenses incurred by them in the performance of
13 their functions under this subsection.

14 “(4) The expenses of the Advisory Council shall be
15 paid by the Administrator from funds otherwise available
16 under this Act.”

17 (b) Section 608 (a), which relates to advance acquisi-
18 tion of property, is amended by inserting “(including per-
19 sonnel costs)” immediately after “costs” the first place it
20 appears in the first sentence.

21 (c) Section 610 (b), which relates to transfer between
22 accounts, is amended by striking out the last sentence and
23 inserting in lieu thereof the following: “Not to exceed
24 \$5,000,000 of the funds appropriated under section 402 of
25 this Act for any fiscal year for use in Vietnam may be trans-

1 ferred to and consolidated with appropriations made under
2 section 637 (a) of this Act for the same fiscal year, subject
3 to the further limitation that funds so transferred shall be
4 available solely for additional administrative expenses in-
5 curred in connection with programs in Vietnam.”

6 (d) Section 614 (a), which relates to special authori-
7 ties, is amended by adding at the end thereof the following
8 new sentence: “The limitation contained in the preceding
9 sentence shall not apply to any country which is a victim
10 of active Communist or Communist-supported aggression.”

11 (e) Section 620, which relates to prohibitions against
12 furnishing assistance, is amended as follows:

13 (1) The first sentence of subsection (i) is amended to
14 read as follows: “No assistance shall be provided under this
15 or any other Act, and no sales shall be made under the Agri-
16 cultural Trade Development and Assistance Act of 1954, to
17 any country which the President determines is engaging in or
18 preparing for aggressive military efforts, or is participating
19 officially in any international conference to plan activities in-
20 volving insurrection or subversion, directed against—

21 “(1) the United States,

22 “(2) any country receiving assistance under this
23 or any other Act, or

24 “(3) any country to which sales are made under

1 the Agricultural Trade Development and Assistance
2 Act of 1954,
3 until the President determines that such military efforts or
4 preparations have ceased, or such participation has ceased,
5 and he reports to the Congress that he has received assur-
6 ances satisfactory to him that such military efforts or prep-
7 arations will not be renewed, or that such participation will
8 not be renewed or repeated.”

9 (2) Subsection (k) is amended to read as follows:

10 “(k) Without the express approval of Congress, no
11 assistance shall be furnished under this Act to any country
12 for construction of any productive enterprise, or for carrying
13 out any program, with respect to which the aggregate value
14 of assistance to be furnished by the United States will exceed
15 \$100,000,000. No provision of this or any other Act shall
16 be construed to authorize the President to waive the pro-
17 visions of this subsection.”

18 (3) Subsection (l) is amended to read as follows:

19 “(l) The President shall consider denying assistance
20 under this Act to the government of any less developed
21 country which, after December 31, 1966, has failed to enter
22 into an agreement with the President to institute the invest-
23 ment guaranty program under section 221 (b) (1) of this
24 Act, providing protection against the specific risks of in-
25 convertibility under subparagraph (A), and expropriation

1 or confiscation under subparagraph (B), of such section
2 221 (b) (1).”

3 (4) Subsection (n) is amended by striking out “the
4 President shall consider denying assistance” and inserting in
5 lieu thereof “no assistance shall be furnished”.

6 (5) At the end of such section 620, add the following
7 new subsection:

8 “(p) No assistance shall be furnished under this Act
9 to the United Arab Republic unless the President finds and
10 reports within thirty days of such finding to the President
11 of the Senate and the Speaker of the House that such assist-
12 ance is essential to the national interest of the United States,
13 and further that such assistance will neither directly nor
14 indirectly assist aggressive actions by the United Arab
15 Republic.”

16 CHAPTER 2—ADMINISTRATIVE PROVISIONS

17 SEC. 302. Chapter 2 of part III of the Foreign Assist-
18 ance Act of 1961, as amended, which relates to administra-
19 tive provisions, is amended as follows:

20 (a) Section 624 (d), which relates to the Inspector Gen-
21 eral, Foreign Assistance, is amended by adding at the end
22 thereof the following new paragraph:

23 “(8) Whenever the Inspector General, Foreign Assist-
24 ance, deems it appropriate in carrying out his duties under
25 this Act, he may from time to time notify the head of any

1 agency primarily responsible for administering any program
2 with respect to which the Inspector General, Foreign Assist-
3 ance, has responsibilities under paragraph (2) of this sub-
4 section that all internal audit, end-use inspection, and man-
5 agement inspection reports submitted to the head of such
6 agency or mission in the field in connection with such pro-
7 gram from any geographic areas designated by the Inspector
8 General, Foreign Assistance, shall be submitted simultane-
9 ously to the Inspector General, Foreign Assistance. The
10 head of each such agency shall cooperate with the Inspector
11 General, Foreign Assistance, in carrying out the provisions
12 of this paragraph.”

13 (b) Section 635 (h), which relates to general authori-
14 ties, is amended by inserting “(except development loans)”
15 immediately after “II, V, and VI”.

16 (c) Section 637 (a), which relates to administrative
17 expenses, is amended by striking out “the fiscal year 1966
18 not to exceed \$54,240,000” and inserting in lieu thereof
19 “each of the fiscal years 1967 and 1968 not to exceed
20 \$57,387,000”.

Passed the House of Representatives July 14, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1336

89TH CONGRESS
2^D SESSION

H. R. 15750

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 15, 1966

Received; read twice and ordered to be placed on the
calendar

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 15, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 3, beginning with the word "except" in line 11,
2 strike out through the period in line 21 and insert in lieu
3 thereof the following: "unless the President determines that
4 it is in the national interest of the United States to make
5 loans in an additional country or countries. Any such de-
6 termination, together with the reasons therefor, shall be
7 reported to the Committee on Foreign Relations of the Senate
8 and to the Speaker of the House of Representatives."

Amdt. No. 648

Amdt. No. 648

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 15, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 15, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 Beginning with the word "except" on page 5, line 20,
2 strike out through the period in line 7 on page 6 and insert
3 in lieu thereof the following: "unless the President deter-
4 mines that it is in the national interest of the United States
5 to furnish such assistance to an additional country or coun-
6 tries. Any such determination, together with the reasons
7 therefor, shall be reported to the Committee on Foreign
8 Relations of the Senate and to the Speaker of the House of
9 Representatives."

Amdt. No. 649

Amdt. No. 649

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 15, 1966

(Ordered to lie on the table and to be printed)



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 89th CONGRESS, SECOND SESSION

Vol. 112

WASHINGTON, FRIDAY, JULY 15, 1966

No. 113

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, July 18, 1966, at 12 o'clock noon.

Senate

FRIDAY, JULY 15, 1966

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 14, 1966, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Jones, one of his secretaries, and he announced that on July 13, 1966, the President had approved and signed the act (S. 2950) to authorize appropriations during the fiscal year 1967 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces, and for other purposes.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Post Office and Civil Service.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL PLACED ON THE CALENDAR

The bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, was read twice by its title and placed on the calendar.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

S. 3498. A bill to facilitate the carrying out of the obligations of the United States under the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, signed on August 27, 1965, and for other purposes (Rept. No. 1374); and

S.J. Res. 167. Joint resolution to enable the United States to organize and hold an International Conference on Water for Peace in the United States in 1967 and authorize an appropriation therefor (Rept. No. 1373).

By Mr. LONG of Louisiana, from the Committee on Finance, without amendment:

H.R. 318. An act to amend section 4071 of the Internal Revenue Code of 1954 (Rept. No. 1375).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. LONG of Louisiana, from the Committee on Finance:

Winthrop Knowlton, of New York, to be an Assistant Secretary of the Treasury.

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Executive F, Protocol to the International Convention for the Northwest Atlantic Fisheries, relating to measures of control, and the protocol to the International Convention for

The Senate met at 12 o'clock meridian, and was called to order by the Acting President pro tempore (Mr. METCALF).

Rev. Edward B. Lewis, minister, Capitol Hill Methodist Church, Washington, D.C., offered the following prayer:

O God of mercy and love, we are deeply disturbed this morning as we come before Thee in prayer. Life many times shocks us because of the actions of man's inhumanity. In this U.S. Senate, we are grateful that the individual citizen is remembered in his needs. The importance of the one person, the one opinion, the one conviction, the one vote, the one tragedy that affects all of us makes this government of the people, for the people, and by the people lasting and strong.

Today, this Nation, O God, is shocked by the murder, by a deranged person, of eight lovely girls training to be nurses in Chicago. It is for our own needed discernment that we recognize the evil facing mankind on every hand. We are a part of this evil because we do not sincerely seek a spiritual, moral, and mental development of our people to help in these days of tensions, despair, anxiety, and unrealistic evaluations of life. Forgive us and help us, O God.

We pray Thy strengthening and comforting presence upon the families who are numb at this moment. Only the Most High can bring them from the depths of despair and mourning.

Be with our President, this governing body, the Nation, and the individual citizen that all may contribute to the solution and prevention of personal and world tragedy. Shape us into a better nation, a peaceful people, and a world with a future. Mold us and make us after Thy will, we pray. Amen.

the Northwest Atlantic Fisheries, relating to the entry into force of proposals adopted by the Commission (Ex. Rept. No. 7).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PASTORE (by request):

S. 3617. A bill to amend the Atomic Energy Act of 1954, as amended, and the Euratom Cooperation Act of 1958, as amended; to the Joint Committee on Atomic Energy.

(See the remarks of Mr. PASTORE when he introduced the above bill, which appear under a separate heading.)

By Mr. ROBERTSON:

S. 3618. A bill to make certain expenditures for public facilities by States, municipalities, or other local public bodies more fully allowable as local grants-in-aid for purposes of title I of the Housing Act of 1949; to the Committee on Banking and Currency.

By Mr. DOUGLAS:

S. 3619. A bill to amend the Tariff Act of 1930 to provide for the temporary suspension of duty on certain steel cylindrical tanks; to the Committee on Finance.

By Mr. MILLER:

S. 3620. A bill to amend the Social Security Act to expedite and facilitate adjustments of payments under certain conditions; to the Committee on Finance.

(See the remarks of Mr. MILLER when he introduced the above bill, which appear under a separate heading.)

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. RANDOLPH:

Address delivered by Vice President HUMPHREY to participants in the Fourth Annual National Youth Camp, and the address of the President at the commissioning of the new research ship, the *Oceanographer*.

Program, leadership seminar initiating Citizen Workshops on Clean Water for America, welcoming remarks by Reynolds T. Harnsberger, president of Izaak Walton League of America; explanation of workshops by J. W. Penfold conservation director, Izaak Walton League of America; and keynote address by self.

By Mr. THURMOND:

Editorial broadcast relating to the open-housing provisions of the proposed Civil Rights Act of 1966, broadcast on June 7, 1966, by station WBT, in Charlotte, N.C.

By Mr. PEARSON:

Sundry telegrams relating to the airline strike from Kansas business establishments.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that statements be limited to 3 minutes during the morning hour, which I understand will be concluded at 12:15.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Sub-

committee on Labor, of the Committee on Labor and Public Welfare, be permitted to meet during the session of the Senate today.

Mr. KUCHEL. Mr. President, let the RECORD show that an objection has been lodged with the minority leadership by a member of the minority. I object.

The ACTING PRESIDENT pro tempore. The objection is noted.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Constitutional Rights, of the Committee on the Judiciary, and the Subcommittee on Improvements in Judicial Machinery, of the same committee, be permitted to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CHANGE OF NAME OF ROLLA JEWEL BEARING PLANT, AT ROLLA, N. DAK., TO THE WILLIAM LANGER JEWEL BEARING PLANT—REPORT OF A COMMITTEE (S. REPT. NO. 1372)

Mr. MUNDT. Mr. President, I report favorably from the Committee on Government Operations without amendment, S. 3466, a bill to change the name of the Rolla Jewel Bearing Plant at Rolla, N. Dak., to the William Langer Jewel Bearing Plant.

This legislation was introduced by my good friend and colleague, Senator YOUNG of North Dakota. I am particularly happy to be able to submit the report to the Senate because I feel that what this bill proposes is only just tribute to the memory of a famous North Dakotan who used his skills, persuasion, and untiring efforts to transform an area of North Dakota, located near an Indian reservation, from a relatively poverty stricken area to one where people have employment.

Those of us who watched the project develop remember vividly the many months of work that went into it. Senator Langer was in the forefront, working with his congressional colleagues, in arousing interest, clearing plans, smoothing out details which resulted in the establishment of this jewel bearing plant.

The people of Rolla, N. Dak., and the Indian people on the Turtle Mountain Reservation are to be congratulated on the success they have made of this venture. Their work and management also serve as a monument to Senator Bill Langer, who made a dream come true in his home State.

It is especially appropriate that Bill Langer's longtime senatorial colleague should have introduced this highly appropriate resolution since Senator MILTON YOUNG was most helpful, as a member of the Appropriations Committee, in securing support for this highly useful project at Rolla, N. Dak.

The Rolla project was one of the first designed especially to utilize the unique and specific talents and aptitudes of our American Indians in industrial production. It has been a great success. Since its inception many other Indian reservations have become the host to industrial activities designed to utilize the talents

and abilities of our Indian friends. Almost invariably the results have far exceeded expectations. The Indians have proved to be faithful, energetic, loyal workers, happy for the opportunity to earn respectable wages close to home and gratified over the sharp increase in personal income provided by these commercial jobs.

In South Dakota, we have a rapidly growing increase of interest being expressed by various manufacturing enterprises in America over the possibility of utilizing Indian laborers—both men and women—in fabricating plants located on or near the reservation. Among the enterprises already operating in areas where they have access to a dependable and ample supply of Indian labor which is available near the plant, undisrupted by labor strife or strikes, happy and proud to find at long last steady employment at respectable wages are producers of fishing tackle, laminated wood, automobile and truck mufflers, bed blankets, Indian souvenirs, sandals, and American built toys. Others are sure to follow as they learn of this unique and mutually profitable arrangement for locating fabricating plants in low-cost-of-operation areas where taxes and living costs are low, where recreational opportunities are vast, where there is always a supply of dependable labor, where the sky is blue, and where living is worthwhile.

Yes, Mr. President, Bill Langer set in motion quite a movement in America which is designed to expand and to grow. It is indeed a pleasure to ask unanimous consent that excerpts of the report and a copy of the bill, S. 3466, be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The report will be received and printed and the bill will be placed on the calendar; and, without objection, the excerpts from the report, and the bill will be printed in the RECORD.

The excerpts from the report are as follows:

PURPOSE

The purpose of the bill is to change the name of the Rolla Jewel Bearing Plant at Rolla, North Dakota, in memory of the late Senator William Langer of North Dakota.

BACKGROUND INFORMATION

The following letter from Senator MILTON R. YOUNG of North Dakota gives the background information of the Rolla Jewel Bearing Plant at Rolla, North Dakota and explains the part played by Senator William Langer of North Dakota in having this plant established:

HON. JOHN L. MCCLELLAN,
Chairman, Government Operations Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR MCCLELLAN: As you know, I have pending in your Committee on Government Operations Senate Bill 3466 which would honor our late colleague Senator William Langer by naming the Rolla Jewel Bearing Plant, located at Rolla, North Dakota, the William Langer Jewel Bearing Plant.

This is recognition which the late Senator Langer richly deserves. This Jewel Bearing Plant, which is our only domestic source of jewel bearings for our defense and space programs, had its inception in the late 1940's when Mr. John Hart, then Executive Director of the North Dakota Indian Affairs Commission, came to Washington to enlist the late Senator Langer's help in getting some industry to locate in or near the Turtle Mountain Indian Reservation to provide badly-needed work for the Indians. Senator

Langer's first thought was one of some industry to assemble watches or other similar intricate instruments widely used by our Defense Establishment. He had in mind utilizing the Indians' particular aptitude for native handicraft skills in the delicate work involved in this type of an industry.

Senator Langer very effectively sought help from every level of government from the White House on down. Securing this facility involved meetings with many important cabinet officers and executive agencies, including the Department of Commerce, the Department of Defense, the Office of Defense Mobilization, the Bureau of the Budget, and the National Security Council. Senator Langer very effectively coordinated activities of all of these departments and agencies in an effort to establish this important industry. To him must go the credit for the establishment of this industry. Had it not been for his determined, effective, and untiring efforts there never would have been a Jewel Bearing Plant at Rolla and, very likely, there would not have been one in this country.

I sincerely hope that you may see fit to approve this bill at the next meeting of the Government Operations Committee.

With warmest personal regards,

Sincerely,

MILTON R. YOUNG.

The bill is as follows:

S. 3466

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Jewel Bearing Plant operated and maintained by the General Services Administration at Rolla, North Dakota shall hereafter be known as the William Langer Jewel Bearing Plant, and any law, regulation, document, or record of the United States in which such plant is designated or referred to shall be held to refer to such plant under and by the name of the William Langer Jewel Bearing Plant.

AMENDMENT OF ATOMIC ENERGY ACT OF 1954, AND EURATOM COOPERATION ACT OF 1958

Mr. PASTORE. Mr. President, as vice chairman of the Joint Committee on Atomic Energy I am today introducing a bill incorporating the Atomic Energy Commission's proposed omnibus legislation for 1966. Since I have not had time to study the proposal as closely as I would like, I am introducing the bill by request. However, the Joint Committee will go into the provisions of the bill in detail when hearings are held on the bill.

The proposed legislation is intended to effect two substantive changes in atomic energy legislation. First, it is proposed to delete the requirement in section 41b. of the Atomic Energy Act of 1954 that the President make an annual determination of the quantities of special nuclear material to be produced by the AEC and the amounts to be available for distribution domestically and abroad pursuant to sections 53 and 54 of the act.

In recommending this change, the AEC states that because special nuclear materials and the source material from which they are produced are no longer scarce, it is not considered necessary or desirable to continue to burden the Chief Executive with the annual duty of making these determinations. The Commission also notes in this connection that with the repeal of these determinations the amount of special nuclear material to

be produced by the Commission would continue to be controlled by the Congress and the executive branch through the normal budgetary process.

The other substantive change recommended by the AEC would amend section 5 of the Euratom Cooperation Act of 1958 to permit implementation with respect to Euratom of the Commission's authority, provided in the Private Ownership of Special Nuclear Materials Act of 1964, to contract for toll enrichment services. Presently the Euratom Cooperation Act provides for the sale or lease of specified quantities of special nuclear materials to the Community, and it is thought that these terms do not encompass performance of toll enrichment services. The AEC contemplates that toll enrichment will be sought by Euratom when such services become available after December 31, 1968.

The AEC proposal also calls for technical amendments to section 223 and 161n. of the Atomic Energy Act of 1954 to correct what now are erroneous reference in these sections to other sections of the act. Previous amendments to the referenced sections necessitate these technical amendments.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3617) to amend the Atomic Energy Act of 1954, as amended, and the Euratom Cooperation Act of 1958, as amended, introduced by Mr. PASTORE (by request), was received, read twice by its title, and referred to the Joint Committee on Atomic Energy.

AMENDMENT OF SOCIAL SECURITY ACT TO EXPEDITE ADJUSTMENTS OF PAYMENTS UNDER CERTAIN CONDITIONS

Mr. MILLER. Mr. President, I send to the desk a bill, ask unanimous consent that it be printed in the RECORD, and appropriately referred.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3620) to amend the Social Security Act to expedite and facilitate adjustments of payments under certain conditions, introduced by Mr. MILLER, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

S. 3620

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204 of the Social Security Act, as amended, is amended to read as follows:

"SEC. 204. (a) Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, under regulations prescribed by the Secretary, as follows:

"(1) With respect to payment to a person of more than the correct amount the Secretary shall decrease any payment under this title to which such overpaid person is entitled, or shall require such overpaid person or his estate to refund the amount in excess of the correct amount, or shall decrease any

payment under this title payable to his estate or to any other person on the basis of the wages and self-employment income which were the basis of the payments to such overpaid person, or shall apply any combination of the foregoing.

"(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made under regulations prescribed by the Secretary in such order of priority as he determines will best carry out the purposes of this title.

"(b) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

"(c) No certifying or disbursing officer shall be held liable for any amount certified or paid by him to any person where the adjustment or recovery of such amount is waived under subsection (b), or where adjustment under subsection (a) is not completed prior to the death of all persons against whose benefits deductions are authorized."

AMENDMENTS TO FOREIGN AID BILL

AMENDMENTS NOS. 648 AND 649

Mr. LAUSCHE. Mr. President, I submit two amendments intended to be proposed by me to the foreign aid bill, S. 3584. The present foreign aid bill has two separate chapters, one dealing with development loans and the other with technical assistance. These two chapters limit the number of countries to which development loans can be made to the number of 10 and the countries to which technical aid can be made to the number of 40.

My amendments would allow, whenever the President so determines that it is in the national interest, extending the number from 10 to a number above in the case of development loans, and to a number above 40 in the case of technical aid assistance.

The ACTING PRESIDENT pro tempore. The amendments will be received and printed and will lie on the table.

NOTICE OF HEARINGS BY SENATE SECTION, JOINT COMMITTEE ON ATOMIC ENERGY

Mr. PASTORE. Mr. President, on behalf of the Senate members of the Joint Committee on Atomic Energy, I wish to give notice that a hearing has been scheduled for Tuesday, July 19, 1966, at 4 p.m. in the Joint Committee's open hearing room S-407 of the Capitol, to consider the nomination of Samuel M. Nabrit, of Texas, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1970. The Senate section of the Joint Committee will also consider the nomination of Wilfrid E. Johnson, of Washington, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1967, of John

G. Palfrey. Mr. Palfrey resigned from the Atomic Energy Commission effective June 30, 1966.

Without objection I will submit for the RECORD the biographical summaries of Dr. Nabrit and Mr. Johnson that accompanied their nominations.

There being no objection, the biographical summaries were ordered to be printed in the RECORD, as follows:

BIOGRAPHIC DATA OF SAMUEL M. NABRIT

Age 61 (Born February 21, 1905 in Macon, Georgia).

Home: 3806 Tierwester Street, Houston, Texas.

PRESENT POSITION

President, Texas Southern University.

EDUCATION

In 1925, B.S., Morehouse College.

In 1927, M.S., Brown University.

In 1932, Ph. D., Brown University.

In 1944, Post-doctoral study, Columbia University.

In 1950, Post-doctoral study, University of Brussels.

PREVIOUS EXPERIENCE

From 1925 to 1931, Professor of Biology, Morehouse College.

From 1932 to 1955, Professor and Chairman, Department of Biology, Atlanta University.

From 1947 to 1955, Dean, Graduate School of Arts and Sciences, Atlanta University.

In 1955, President, Texas Southern University.

Also Ten summers at Marine Biological Laboratory, Woods Hole, Massachusetts.

In 1945, Science Work Shop, Columbia University.

In 1945, President, National Institute of Science.

From 1948 to 1955, Coordinator, Grants-in-Aid Program for Research, Atlanta University Center, Carnegie Foundation.

From 1951 to 1955, Member, Screening Committee, Ford Foundation Fellowship Program.

In 1954, Consultant to National Science Foundation.

From 1956 to 1962, Member, National Science Board.

From 1960 to 1961, President, Association of Colleges and Secondary Schools.

In 1961, Member, Fellowship Council, Danforth Foundation.

In 1961, Member, Board of Directors, American Council on Education.

In 1962, Member, Board of Directors, Southern Education Foundation. Author, numerous articles.

BIOGRAPHIC DATA ON WILFRID E. JOHNSON

Born: May 24, 1905, England.

Present Position: Recently retired as General Manager of General Electric Company's Hanford Atomic Products Operation at Richland, Washington.

Education: 1930, B. S. in Mechanical Engineering, Oregon State College; 1939, M. E. Professional Degree, Oregon State College; 1959, SCD, Honorary, Oregon State College.

Previous Experience: 1930-36, Design Engineer—Household Refrigerator, General Electric Company; 1936-40, Design Engineer—Commercial Refrigeration, General Electric Company; 1940-44, Section Engineer—Aircraft Supercharger, General Electric Company; 1944-45, Engineer—Aircraft Gas Turbine Department, General Electric Company; 1945-48, Manager—Engineering Air Conditioning, Department, General Electric Company; 1948-51, Manager—Design & Construction, Hanford Atomic Products Operation, General Electric Company; 1951-52, Assistant General Manager, Hanford Atomic Products Operation, General Electric Company; 1952, General Manager, Hanford Atomic Products Operation, General Electric Company.

ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of July 12, 1966, the name of Mr. McGovern was added as an additional cosponsor of the bill (S. 3602) to prohibit, without the express approval of Congress, any construction which would result in altering the proportions, changing the size, or modifying the U.S. Capitol Building in any substantial manner, and to establish a commission to study the existing and future needs of the Congress with respect to such building, introduced by Mr. YARBOROUGH on July 12, 1966.

ADDITIONAL COSPONSORS OF BILLS

Mr. McCARTHY. Mr. President, I ask unanimous consent that the name of the Senator from Maryland [Mr. TYDINGS] be added as a cosponsor to S. 3181, relating to moving expenses, and that his name be included in the next printing of the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that at the next printing of the bill the names of the senior Senator from Illinois [Mr. DOUGLAS], and the junior Senator from Nevada [Mr. CANNON] be added as cosponsors of S. 3602, a bill to prohibit construction which would modify the Capitol Building without the consent of Congress.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the next printing of S. 3514, to amend the Public Health Service Act to provide for the establishment of a National Eye Institute in the National Institutes of Health, the name of the Senator from Connecticut [Mr. RIBICOFF] be added as a cosponsor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TRIBUTE TO DAVID E. BELL

Mr. MANSFIELD. Mr. President, a devoted and highly able public servant will leave the Government very shortly. I refer to David E. Bell, who has been outstanding as the Administrator of the AID program. This position involved directing one of the most difficult and challenging organizations within the Government. But Mr. Bell met the challenges, performed his duties with great effectiveness, and I wish to extend to him sincere gratitude for a job well done.

David Bell has been a credit to the various positions in which he has served. Yet, I can well understand his desire to leave. For his future will now be secured by a position which perhaps will be more lucrative and in which there undoubtedly will be some peace and surcease. All of this he has earned and richly deserves.

We shall miss him. But he goes with our congratulations and best wishes—and even more, with our sincere thanks.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Mr. President, I wholeheartedly join with the majority leader.

David Bell is a great American. He is dedicated to his country and to the cause of peace with justice. His tenure has lasted longer than that of any of his predecessors. In a preeminently important governmental activity he has been able to demonstrate to a majority of the Members of the Senate and of the House of Representatives, with patience and painstaking devotion to the public trust, why assistance by this Government is necessary to nations of the world which are free, which wish to remain free, and which need the help and the assistance of the people and the Government of the United States.

Dave Bell now goes into a great private responsibility. He will be associated with an eleemosynary institution which bears a great American name, and will have the responsibility of helping to guide the decisions of that institution for the betterment of mankind. As he leaves Government and as he enters what I know will be a splendid career in the private sector of our economy, all I can say is that the distinguished majority leader voices the feelings of all of us. I wish particularly to add my hopes that this fine man, this fellow Californian, will someday reenter the Federal service, where he has so distinguished himself in the past.

Mr. PASTORE. Mr. President, I desire to associate myself with my colleagues in their praise of David Bell.

As manager of the foreign aid bill in the Senate, and having been in charge of the hearings connected with this bill, it has been my happy opportunity to have had extensive contact with David Bell.

I daresay that I have never met a man who is more compassionate, more talented, and more devoted to his public trust than this fine gentleman.

I wish him well, and I join my colleagues in expressing our regrets that we have lost him as a trusted member of the executive department. But we know that his devotion and his dedication and his talents will continue to be used for the benefit and the grandeur of America.

Mr. MANSFIELD. Mr. President, I thank both of my colleagues for their remarks, and agree with them wholeheartedly.

The acting minority leader has said that he hopes Mr. Bell will return to Government. Others have similar sentiments. It has been said that one of the newsmen, on learning of David Bell's resignation, expressed the same hope, in these words:

Dave Bell is my candidate for the next Secretary of State.

Perhaps someday he will come back. We all can hope so. And if he does, he will be welcomed; not only because he is an outstanding administrator, but because he has already been through his ordeal of fire. And his initiation was with one of the most controversial agencies. Nevertheless, he has done a good job and he has performed it under the most difficult of circumstances.

displaying a growing awareness of its valuable location. The military interest and research in cold weather operations has been a healthy influence on the growth of Alaska. I believe we in the military, along with the civilian populace in Alaska, have dispelled some of the misconceptions that have existed about the problem of working and living in Alaska. Each year we rotate more than 30,000 military personnel and dependents to the South 48. This is good for you, our friends in the trucking business, who move their household goods, but I think there is another and perhaps more important benefit. And that is that these people become ambassadors for Alaska and have the opportunity to tell many people that living and working in Alaska is far better than they had expected. I believe there are some worthwhile long range benefits to be derived from this.

There are some other elements in the growth of Alaska which I think are very healthy and worth mentioning. Alaska can be proud of the improvements in surface travel brought about by the State Ferry System. This "Marine Highway" certainly offers some of the world's most picturesque travel and at the same time is rapidly bringing economic and social development to an area rich in timber, fish and history. The ferry system is literally pushing back the frontiers of southeast Alaska.

Northwest Alaska needs the same sort of stimulus. If the entire state is to realize its potential, it cannot wait for major population centers to develop before building a road. More cities and more areas of homesteading will develop when more roads are built. Alaskan cities, even in outlying areas, will insist upon reliable access to existing economic, medical, and cultural facilities. Rapid development can only come when a vast network of year-round roads are built to permit Alaskan carriers and private vehicles to ply highways and bring the hallmarks of civilization to every Alaskan.

You are to be commended that in spite of the limitations imposed on you by the few highways, the great distances between population centers and the severity of weather, the number of pieces of trucking equipment per capita is greater in Alaska than in any other state, and is increasing each year by more than thirty-five hundred pieces. I doubt that many Alaskans realize that you furnish direct employment to more than seventeen hundred people, pay almost seven million dollars a year in state and federal taxes, that you are capable of handling any type of trucking activity, and that the trucking capacity of Alaska commercial carriers exceeds thirty-five hundred ton/days.

At the present, the members of this association move almost thirty million pounds each year for the military within the State of Alaska. I am referring only to shipments that originate and terminate in Alaska. Three Air Force Stations—Wildwood, Pedro Dome, and Murphy Dome—and all of the White Alice sites on the Alaska and Richardson Highways depend on your trucks for resupply.

Increasing the number of places served by highways will bring increased trucking demand. As easier access is permitted to isolated areas, the Alaskan Command can substantially reduce the cost of construction and resupply. With more highways, we can perform our mission of defending Alaska more effectively and more economically.

For example, look at the present method of maintaining the Alaskan Air Command's Early Warning Network. Each summer, the Air Force ships more than one-hundred fifteen thousand tons during the annual summer resupply program known as Project MONA LISA. After the ice pack closes the northeast shipping lanes, most of the sites are forced to depend on aerial resupply. Two of the radar installations, Sparrevohn and Indian Mountain, depend entirely on aerial

delivery year-around. Certainly the cost of maintaining this vital link in the North American Air Defense System will be reduced as the highway network is expanded to reach some of these installations.

In closing, I again refer to a remark made by President Johnson—this time after the signing of the Alaska Purchase Centennial Bill on the 26th of March, this year. The Chief Executive said, "... the permanent projects which are planned as a part of that celebration will contribute to the long-range development of this great and important state."

I am sure that each of us will wholeheartedly agree with the President on the lasting value of the Alaska Purchase Centennial celebration. Some three-hundred thousand people are expected to view the exhibition site here at Fairbanks during 1967.

No doubt, each one of this number will find something in Alaska for them, for Alaska is a vast and varied land that offers something for everyone. I want each one of the 1967 visitors to go away with the same warm feeling that I have for Alaska. I want to see Alaska grow and develop its vast potential.

Transportation is the key that will unlock Alaska's treasure chest, and dependable year-around surface transportation is the essential element of that key.

I submit to all Alaskans that—wherever the trucker goes, there goes progress!

THE AIRLINES STRIKE

Mr. LONG of Missouri. Mr. President, the airlines strike has continued now for a week.

I will make no attempt to comment on the merits of either side to the dispute, but would like to point out the effect on the welfare of all concerned in Missouri, and to observe that in addition to those immediately involved there are many others being hurt by prolongation of the strike.

Telegrams from Missouri businessmen, urging every effort toward resolving the dispute, indicate how vital air service is today. These include not only businessmen who depend on airlines for fast business trips, but shippers whose products range from valuable parent stock poultry being exported worldwide, to florists and manufacturers.

Hotel operators and retail businessmen also report they are being affected adversely.

One airline, TWA, employs 9,014 persons in Missouri. Today, 5,977 of those employees are off the payroll. This adds up to a monthly payroll loss of \$3,740,000.

There is no question of the harmful effect on the disputants and business generally. It is my hope that both sides will make every effort toward a settlement soon.

Mr. President, I ask unanimous consent to insert at this point in the RECORD a selection of the many telegrams I have received.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

KANSAS CITY, Mo.,
July 14, 1966.

Senator EDWARD LONG,
Senate Office Building,
Washington, D.C.:

Our firm depends on air freight service into Kansas City for 85 percent of our shipping. Please do what you can to help in this air strike.

EARL G. LACEY,
Wholesale Florist.

KANSAS CITY, Mo.,
July 14, 1966.

Senator EDWARD LONG,
Senate Office Building,
Washington, D.C.:

Respectively request your utmost effort to promote agreement in strike of five major airlines permitting settlement satisfactory to union, management, and our country. Each passing day multiplies hardships seriously affecting business and the national economy.

A. C. SWANSON,
President,
Western Auto Supply Co.

PLEASANT HILL, Mo.,
July 14, 1966.

Senator EDWARD LONG,
U.S. Senate,
Washington, D.C.:

Strike on Trans World and other major airlines is seriously affecting our business of exporting valuable parent stock poultry to other nations around the world. Will appreciate your help in pressing for an early settlement of strike.

Mr. IRWIN,
President,
Colonial Poultry Farms, Inc.

JULY 14, 1966.

Hon. EDWARD V. LONG,
U.S. Senator,
Senate Office Building,
Washington, D.C.:

The pending airline strike is seriously affecting the economy of the Kansas City region and your efforts to bring about rapid settlement will be greatly appreciated by citizens and businesses of this area.

Sincerely,
PLEASANT V. MILLER, Jr.,
President, Commerce Trust Co.

NABRIT TO AEC

Mr. BARTLETT. Mr. President, Dr. Samuel M. Nabrit's list of credits is much too lengthy to recite here. And I do not believe it necessary to itemize the list to strengthen my endorsement of President Johnson's nomination of Dr. Nabrit to the Atomic Energy Commission.

He has had, as the Houston Post states, a long and distinguished career in education and government service.

The Post regrets, in an editorial, the fact that Dr. Nabrit must leave Houston and his post as president of Texas Southern University. But it adds that his contributions as a member of the AEC will be of great value to the Nation.

Dr. Nabrit needs no further recommendation, but I still would like to place this tribute to him in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Houston (Tex.) Post, June 23, 1966]

DR. NABRIT TO AEC

The nomination of Dr. S. M. Nabrit to the Atomic Energy Commission should be warmly applauded throughout the country.

Dr. Nabrit, president of Texas Southern University since 1955, has a long and distinguished career in education and the service of his government.

Dr. Nabrit, who would take a year's leave of absence from Texas Southern when his appointment is confirmed by the Senate, has now served three Presidents, Eisenhower, Kennedy, and Johnson.

President Eisenhower appointed him in 1956 to the National Science Board. In 1959, Nabrit was named to a national advisory committee to assist the Office of Education in a program to improve modern foreign language instruction.

Under President Kennedy, he became a special ambassador to represent the U.S. at independence celebrations in the Republic of Niger, and, in 1963, he became vice chairman of a new committee on equality of educational opportunity of the American Council on Education.

In 1963, Nabrit served on a committee to study the need for publicly supported institutions of higher learning in the District of Columbia and was one of 10 Americans to attend a UN conference in Geneva on assistance to underdeveloped nations.

Under his leadership, Texas Southern University has achieved high standards of education.

His presence will be missed in Houston. His services on the AEC will be of great value to the nation.

EDWARD KERNAN

Mr. YOUNG of Ohio. Mr. President, it is with sadness and a deep sense of personal loss that I rise today to announce the death of my good friend and veteran Cleveland Plain Dealer reporter, Edward Kernan. Since Ed came to Washington in 1944 I have known him well and I have respected his fine ability as an objective and sensitive journalist.

Ed was born in Red Wing, Minn., in 1907. After working for Minnesota newspapers, he came to the Akron bureau of the Cleveland Plain Dealer in 1937. While in Washington he covered many presidential conventions.

In 1954 Ed Kernan was elected to the Gridiron Club of Washington. Many of us saw and enjoyed his performance as Crier in the annual skits of that club. Ed Kernan was a friend and I know that I speak for many in the Congress when I say that we shall miss him.

Ed Kernan was a delightful, jovial friend. It was my privilege to know him well from the time years ago I was Congressman at Large and he was on the staff of the Plain Dealer bureau in Washington. Ed Kernan was a most personable, generous, and kindly individual. He was also a great news reporter; thoroughly discerning and objective. He never overlooked what was important nor failed to discard what was unimportant. During the nearly 8 years I have served as U.S. Senator I came to regard him as a most knowledgeable, likeable, and gracious friend and also a superior news reporter. It was depressing and shocking to me to learn of his death at a comparatively early age.

THE FOREIGN ASSISTANCE ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1324.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, no action will be taken on the foreign aid bill this afternoon, but on Monday the distinguished Senator from Arkansas, chairman of the Foreign Relations Committee [Mr. FULBRIGHT], will commence with the presentation of this bill.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock Monday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

COMMITMENT OF U.S. MILITARY FORCES—FOREIGN AID BILL—LETTER FROM SECRETARY OF STATE TO SENATOR MANSFIELD

Mr. MANSFIELD. Mr. President, I have received, today, from the Secretary of State, a letter which he has requested the leadership to bring to the attention of the Senate. It concerns the foreign aid bill which will be before the Senate directly.

The Secretary addresses himself to the question of whether or not the commitment of U.S. military forces may be implicit in the extension of U.S. assistance under aid legislation. If I may say so, the Secretary's letter is a most candid and welcome clarification of this question and I am delighted to read it in full to the Senate at this time.

JULY 15, 1966.

DEAR SENATOR MANSFIELD: I have noted recent expressions of concern in the Senate over whether the Administration views the extension of aid to a country as a commitment to defend that country with United States troops if it is attacked. I think it important that any confusion on this issue be removed before the Senate considers the 1966 Amendments to the Foreign Assistance Act of 1961, and I would appreciate it if you would bring this letter to the attention of the members.

AID legislation relates to furnishing economic and military assistance to foreign countries. It has no bearing on commitments to employ United States forces to assist in the collective self-defense of other countries. Such commitments are made, pursuant to our laws and the Constitution, where the national interest so requires and not because the United States is or is not supplying the foreign country in question with foreign aid. In short, our aid program neither implies nor prohibits a commitment to use our armed forces in cooperation with the self-defense efforts of a foreign country.

This question has apparently arisen out of the discussion of Southeast Asia. I have stated to Congressional committees and elsewhere that each Administration since World War II has concluded, as a matter of policy, that the security of Southeast Asia was important to the security of the United States. This policy has been supported in a variety of ways. We have furnished substantial economic and military assistance to the countries in Southeast Asia. A specific security commitment was contained in the SEATO Treaty which applied directly to the signatories and to the protocol states. This commitment was reaffirmed by the Joint

Resolution of Congress of August 10, 1964. The security commitment did not arise from the AID programs but from the formal and solemn action taken by the United States in accordance with its constitutional processes. I hope this distinction will now be clear.

Sincerely,

DEAN RUSK.

NATURAL DISASTER AT ULAN BATOR

Mr. MANSFIELD. Mr. President, it has been brought to my attention that a natural disaster of great proportions has befallen the people who live in and near the city of Ulan Bator, capital of the Mongolian People's Republic.

According to one source, thousands of families living along the Tula River have been driven from their homes as a result of torrential rains and massive flooding. Scores of persons have been killed, several bridges are out, and the capital, a city of 250,000 inhabitants, is without drinking water, electricity, and other essentials.

Misfortunes of this scope are of concern to all men. Natural calamities do not respect national boundaries, or ideologies. A final assessment of damage has not yet been made, but the indications are that Mongolia will require outside assistance. I would hope that our national sympathies have already been extended through available channels to the people of the stricken area. I would hope, further, that the American Red Cross or other agencies would stand by to offer promptly such help as might be appropriate in the event the need for it arises.

I ask unanimous consent to have printed in the RECORD an article entitled "Ulan Bator Flood Kills Scores, Routs Thousands," written by Harrison E. Salisbury, and published in the New York Times of Friday, July 15, 1966.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ULAN BATOR FLOOD KILLS SCORES, ROUTS THOUSANDS—MONGOLIAN FAMILIES HOMELESS AS RAIN SWELLS RIVER—DISASTER PARALYZES CAPITAL DURING NATIVE HOLIDAY

(By Harrison E. Salisbury)

ULAN BATOR, MONGOLIA, July 14.—Mongolia's sprawling capital struggled today to overcome the effects of a disastrous flood that has taken scores of lives and left thousands homeless.

Word spread that the Soviet Union was speeding generator trains south from eastern Siberia to provide power to the stricken city.

Mongolian authorities, assisted by Soviet army units, have been lifting hundreds of families from the flooded valley by helicopters.

The rain has stopped and the weather has cleared, but Ulan Bator is without water, electricity and other supplies. Virtually all industry in this city, with a population of 250,000, has been closed by flood waters or lack of power.

At least 4,000 families, most of whom live along the banks of the Tula River in gurts, the traditional Mongolian abode made of canvas and felt, were homeless and had lost their belongings.

The railroad south to China has been cut at several places and communications with

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

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HIGHLIGHTS: Senate debated foreign aid authorization bill.

SENATE

1. FOREIGN AID. Began debate on S. 3584, the foreign aid authorization bill (pp. 15288-309, 15334-347). Agreed to an amendment by Sen. Byrd, Va., to bar aid to any country which fails to take steps within 60 days after enactment of this bill to prevent ships or planes under its registry from transporting to or from North Vietnam any equipment, materials, or commodities (pp. 15296-308, 15334).

Several Senators submitted amendments intended to be proposed to this bill p. 15252

2. FOOD STAMP. Both Houses received from this Department a proposed bill to amend the Food Stamp Act of 1964 for the purpose of authorizing appropriations for fiscal years subsequent to the fiscal year ending June 30, 1967; to House Agriculture and Senate Agriculture and Forestry Committees. pp. 15247, 15249
3. LOANS. Both Houses received from Farm Credit Administration a proposed bill to delete the interest rate limitation on debentures issued by Federal intermediate credit banks and on loans made by Federal land banks and banks for cooperatives; to House Agriculture and Senate Agriculture and Forestry Committees. pp. 15247, 15249
4. TRANSPORTATION. Sen. Mansfield submitted an amendment to S. 3010, to establish a Department of Transportation, which "would place the St. Lawrence Seaway Development Corporation in the proposed new Department." pp. 15252-3
5. COSPONSORS. Sen. Javits was added as a cosponsor to S. 3408, the proposed Intergovernmental Personnel Act; and Sen. Douglas was added as a cosponsor to S. 3584, the foreign aid authorization bill. p. 15253
6. AID. Sen. Metcalf commended the sending by AID of eight volunteer agricultural workers, including two farmers, to Vietnam to teach American production skills and farming methods. p. 15347
7. CHILD NUTRITION. Sen. Proxmire urged "rapid action" in the House to pass the Ellender child nutrition bill. p. 15254
8. INFLATION. Sen. Proxmire stated that "This great American economy is not accelerating. It is slowing down," and inserted several articles on the subject. pp. 15254-6
Sen. Javits claimed that "The administration's unwillingness or inability to stop the present drift in economic policy and to deal with inflation effectively is threatening a major crisis for the United States." pp. 15256-7
9. AGRICULTURAL APPROPRIATIONS. Sen. Javits commended the Appropriations Committee for "restoring the administration's proposed cutbacks in the school milk, school lunch, land-grant college and agricultural research programs," and expressed the hope that the Senate conferees will adopt the increased sums allotted by the Senate in regard to rural community development and school lunch programs. pp. 15258-9
10. FARM PROGRAM. Sen. Yarborough inserted West Texas Chamber of Commerce resolutions "which directly affect the agricultural economy of West Texas." pp. 15273-4
11. TERRITORIES. Sen. Fong spoke in favor of proposed legislation to authorize increased appropriations for the Trust Territory of the Pacific Islands and inserted several articles on the subject. pp. 15272-3
12. PERSONNEL; INVASION OF PRIVACY. Sen. Ervin criticized the alleged "increasing reliance on methods, instruments, and devices which tend to invade basic rights" of Federal employees. pp. 15347-63
13. HISTORIC SITES. Sen. Yarborough commended and inserted resolutions of the Texas State Historical Survey Committee endorsing S. 3035, for the preservation of historic sites. p. 15279

the route taken by the Lincoln family from Kentucky through Indiana to Illinois. They can see the remnants of the Whitewater and the Wabash and Erie Canals, 19th century Indiana's most efficient forms of transportation. They can visit the old pioneer inns, homes, and courthouses, and the many museums testifying to the area's rich past.

Southern Indiana offers us more than a glimpse into a pioneer past, however; 15 of Indiana's 22 State parks are located in southern Indiana, and 11 of the State's 13 State forests. The southern Indiana area offers the tourist two national parks—one, the site of Lincoln's boyhood home; the other, created a national park by the Congress only a few days ago, the George Rogers Clark Memorial, at Vincennes.

An economic renaissance is predicted for the area's near future, with a reinvigorated limestone industry bringing the promise of greater prosperity to this land so full of history and natural beauty.

I commend Gov. Roger D. Branigin and Lt. Gov. Robert Rock, for their interest and assistance in the promotion of tourism in Indiana, and in the organizing of a Sesquicentennial celebration of which we can all be proud.

In view of our sesquicentennial year and the relatively limited knowledge by the general public of southern Indiana's many resources for summer enjoyment, I ask unanimous consent to insert in the RECORD an article describing southern Indiana's attractions written by Charles Yarborough, an Indiana native and travel editor of the Washington Star, which appeared in the July 10 issue of the Sunday Star.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOOSIER SESQUICENTENNIAL: INDIANA MAKING
BID AS NEW FRONTIER OF TOURISM

(By Charles Yarborough)

WASHINGTON, IND.—To a returning native, this pristine, 101-year-old city of 12,000 has a bountiful land around it, a militant civic pride and the rare distinction of claiming nothing to dangle before tourists except room and board.

This year, as the county seat of Daviess county, it joins in Indiana's statehood Sesquicentennial, lackadaisically proud of its long, but uneventful history; too modest to lay claim even as a "gateway" to the land of young Abraham Lincoln to the south; the rich history of Vincennes to the west.

"Frankly," says Brooks Allen, energetic chairman of the local Sesqui observance, "Daviess county just doesn't have anything to interest the tourist. He might have added—"except hospitality."

LINCOLN WENT BY

Those early travelers, the Lincolns, in moving from the scenes of Abraham's childhood to Illinois, by-passed the area by 12 miles.

George Rogers Clark's heroic conquest of the British at Vincennes, had no reason to push on another 18 miles to the east; they had all the wilderness they wanted.

But close by the eastern border of the State, near present day Aurora, 100 soldiers enroute to aid Clark at Vincennes were slaughtered by Indians. There is a marker commemorating Lochry's massacre.

The savages pounced on a small group of pioneers in the southeastern section and

there's a 44-foot-high monument over their mass graves at today's Pigeon Roost State Memorial near Scottsburg.

AN EARLY ONE

It seems everyone was by-passing Washington in those days, with the possible exception of a hardy pioneer named William Ballow, who settled in the southeastern part of Daviess county in 1801.

History doesn't record whether he may have been one of three settlers picked off by the Indians, but three was too many and by the 1820s there were 10 forts ranging up and down the county.

In a way, Brooks Allen is right about the lack of tourist lures in Washington and Daviess county. The passing traveler, whizzing through town on U.S. 50 east or west; Highway 57 north or south or riding the Baltimore & Ohio's mainline to St. Louis or Cincinnati, is apt to dismiss it with fleeting compliment "my, what a well-kept town."

What's here is largely for the local trade. It's doubtful that anyone save the real and constant observer could scrape up anything distinguishing.

SOME DISTINCTION

The fact that for decades, Washington was one of the few places of its size in the world sporting two competing, afternoon daily newspapers meant little to the residents save a choice; even less to a tourist. After about 93 years as The Democrat, one of them suddenly decided the name might connote too close a connection with you-know-what-party and changed it to The Times.

Then it merged with The Herald, where this newspaper career began, and became The Washington Times Herald, which, to Washington, D.C., has a nostalgic ring.

At one time, when the population was about 7,000, this Washington had two high school gymnasiums that would seat the entire town. The basketball fever being what it is in Indiana, they often did.

But 150 years of Statehood and the attendant celebrations are focusing new attention on all parts of the State, long a tallender in the tourism industry.

If the occasion does nothing else for Washington, it has created the first Daviess County Historical Society. As Brooks Allen optimistically put it, "with research and time, 10 years from now we may have uncovered something we've been sleeping on."

A new awareness of the tourism potential is spreading out from the Statehouse offices of Lieut. Gov. Robert L. Rock in Indianapolis.

Two years ago the State had \$30,000 to spend to attract new money, industry and, almost as an after-thought, tourists.

This year, it has \$150,000 and the welcome drums are beating.

"Indiana, State of Surprises," is the theme and a bag-full of excellent literature goes out to anyone who asks. The publicity department handled 27,000 requests in the early months; geared for 50,000 and received 86,000 in the first five months of this year.

Queries should go to the Indiana Division of Tourism, Department of Commerce, 333 State House, Indianapolis.

The attractions run a truly surprising range. Ask the average traveler about Indiana and he'll usually come up with the Indianapolis 500 Memorial Day Race, exciting grandpappy of them all, and Hoosier basketball.

I don't know what has happened to Indiana basketball, but it was a little depressing during a recent visit to Indianapolis to hear a taxi driver say he "couldn't remember who won the high school championship this year. I think it was some out-of-town team."

CROPS AND LIMESTONE

In between those interests, the potential tourist lures run from the dunes of Lake Michigan down through history started by

the French explorer LaSalle to the Ohio river, pioneer waterway which opened the state to settlement and made Vincennes-on-the-Wabash an early cradle of culture of the Northwest Territory.

In the southeast is the land where Lincoln did that reading by firelight. His mother, Nancy Hanks, is buried at Lincoln City.

The variety is boundless from dunelands to the grottoes of Wyandotte; from the flat plains of wheat and corn to the scenic and rustic hills of Brown county, so reminiscent of the Ozarks.

Around Bedford, nature was lavish. Many a building in the Nation's Capital is built of Bedford limestone.

One of the last strongholds of the old covered bridge will be found in Parke county, which boasts of 38, many of them still in use.

There are more than a dozen State Forests; 17 State parks, a score or more areas for fish and game and recreation.

A new 2,600-acre lake is filling in southern Daviess County.

Corydon and New Harmony in Southern Indiana reek of rich history and legend. Corydon still has its aging documentation of the State's beginnings, including a part of the Constitutional Elm, under which the first constitution was drawn.

BEARDS AND RIFLES

New Harmony shows many vestiges of an era started in 1814 by a German religious sect, the Rappites. In sharp contrast to the many restored Rappite homes is the startlingly modernistic "roofless" church which looks like a drooping mushroom.

The Sesquicentennial programs run the gamut from newly-grown beards and old long rifles and are as numerous over the State this year as they are diverse.

Some of the highlights:

Tell City's Swiss Schweizer Fest, Aug. 14-20; National Drag-Racing championships in Indianapolis Sept. 1-5; the Lincoln-land Fall Foilage tour out of Troy in the Ohio valley; the Indiana State Fair Aug. 26-Sept. 3; the Madison Regatta Sept. 3-4 and Parke County's Covered Bridge Festival at Rockville Oct. 7-16.

Indianapolis itself, once as somnolent a capital as you've ever seen, is bustling. Aside from Sesquicentennial staging, the place comes alive with new apartment architecture, new motor hotels in the heart of the city; a throbbing economic vitality.

It may sound a bit incongruous to the former Hoosier to know there is a swank new area near the State Fairgrounds with the unlikely (for Indiana) name of Chateau de Ville with a street called Rue Flambeau.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

PROTOCOLS TO THE NORTHWEST ATLANTIC FISHERIES CONVEN- TION OF 1949—UNANIMOUS-CON- SENT AGREEMENT TO VOTE TO- MORROW AT 12:30 P.M.

Mr. INOUE. Mr. President, I ask unanimous consent that at 12:30 p.m. tomorrow, the Senate vote on the protocols to the Northwest Atlantic Fisheries Convention of 1949.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT subsequently said: Mr. President, for the information of the

Senate, set forth below are excerpts from the report of the Committee on Foreign Relations on the Protocols to the North Atlantic Fisheries Convention of 1949—Executive Report No. 7, 89th Congress, 2d session.

In accordance with an agreement entered into earlier today, these protocols will be voted on tomorrow at 12:30 p.m.

MAIN PURPOSE

The protocol on measures of control would amend the International Convention for the Northwest Atlantic Fisheries so as to permit the International Commission to propose inspection and enforcement measures to be considered by the contracting powers under terms proposed by the Commission.

The protocol on entry into force is designed to expedite the procedure for action on regulations proposed by the Commission.

BACKGROUND

The Northwest Atlantic Fisheries Convention of 1949 has as its aim the protection and preservation of the fisheries of the northwest Atlantic Ocean in order to make possible the maintenance of the maximum sustained catch from those fisheries. Territorial waters of the contracting parties are excluded from the provisions of the Convention. The 13 signatory states are Canada, Denmark, the Federal Republic of Germany, France, Iceland, Italy, Norway, Poland, Portugal, Spain, the U.S.S.R., the United Kingdom, and the United States.

The Convention established the International Commission for the Northwest Atlantic Fisheries, to which each participating government may appoint not more than three Commissioners who exercise one vote. The Convention divides the northwest Atlantic area (42° longitude west) into five subareas each of which has a special panel of Commissioners drawn from countries fishing in the subarea or adjacent to it. The principal fish involved are rosefish, cod, haddock, and flounder. Neither the Commission nor the panels have direct regulatory powers but they are authorized to make recommendations to the signatory nations. Some of these regulations, such as regulation by mesh size for certain fish, have been adopted by the parties to the Convention for certain of the subareas.

EXPLANATION OF THE PROTOCOLS

The protocol on measures of control was drafted, and is strongly supported, by the United States. At present, under the terms of the original Convention, each contracting state enforces the adopted conservation regulations with respect to its own nationals. Some European states far from the fishing grounds find it difficult to enforce the Convention in the convention area. Others, like the United States (through the U.S. Fish and Wildlife Service and the Coast Guard), enforce it both in port and at sea from enforcement vessels. As a result different degrees of enforcement are exercised to the disadvantage of some fishermen and the advantage of others. The protocol, therefore, will make it possible for the Commission to make proposals for international enforcement measures, as it does now for conservation regulations, to the member governments. The control measures to be proposed have not yet finally been decided. The protocol will enter into force when acceptance by all parties has been signified or, after the second protocol enters into force, in accordance with the new provisions.

The protocol relating to entry into force of proposals was also initiated by the United States. It provides for their entry into force in the absence of objection rather than upon notification of acceptance, thus assuring prompt action on such proposals, including the proposal for measures of control submitted under the first protocol. At the present time, a proposal for conservation must

be accepted by each government participating in the panel for the subarea to which the proposal applies or in the case of proposals affecting the entire convention area by each contracting party. Due largely to inertia, some two dozen proposals dating back to 1957 are presently outstanding. Under the procedure proposed in the protocol, such proposals would enter into force after 6 months unless objection is made by one or more contracting parties. If objection is received, there would be an additional period of 60 days, or 30 days after receiving notice of an objection by another party—whichever date is later—during which other parties could reconsider their nonobjection in the light of the objection. After the period or periods for objecting expire, if a majority of contracting governments object the proposal would not enter into force. If less than a majority object, the proposal would enter into force but only for those parties which did not object. As far as the United States is concerned, this procedure fully protects its freedom to be bound or not to be bound by conservation proposals. Moreover, under the convention, a contracting party can give 1 year's notice of termination of its acceptance of a proposal any time after that proposal had been in force for 1 year.

COMMITTEE ACTION AND RECOMMENDATION

These protocols, dated November 29, 1965, were transmitted to the Senate on June 27, 1966, with the strong endorsement of the administration. This was reiterated by Burdick Brittin, Deputy Special Assistant for Fisheries and Wildlife at the Department of State, at the public hearing held by the Committee on Foreign Relations on July 12. His prepared statement is appended to this report.

Both protocols serve to strengthen the Convention on the Northwest Atlantic Fisheries and as such deserve the vigorous support of the U.S. Senate in line with the U.S. tradition of promoting conservation measures in the fisheries field, as well as in others.

Both protocols are based on precedents established in other fisheries conventions. The one relating to measures of control finds a basis in the International North Pacific Fisheries Convention, which, however, spells out the form of international inspection or enforcement to be followed. The protocol on entry into force is similar to the terms of the International Whaling Convention and the Northeast Atlantic Fisheries Convention to which the United States is not a signatory.

The Committee on Foreign Relations concurs with the recommendation of the President and urges the Senate to give its advice and consent to ratification of both protocols at an early date.

THE FOREIGN ASSISTANCE ACT OF 1966

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, each year it becomes more difficult for those of us who believe in the desirability of a foreign assistance program to support a continuation of the program as now conceived and administered. The

reports of the Foreign Relations Committee over the last few years have reflected our profound dissatisfaction with conduct of the aid program under the Foreign Assistance Act of 1961, as amended, and have suggested certain changes which we thought desirable.

Three years ago, in the Foreign Relations Committee's report on the foreign aid bill, the committee expressed the hope that the administration would submit to Congress the following year a program which had been revamped in major respects.

That report said:

Specifically the committee believes that countries which can take care of themselves should be eliminated from the program, that even more selectivity among countries should be introduced, and that prompt and serious consideration should be given to a greatly increased utilization of multilateral agencies, such as the International Bank for Reconstruction and Development and its subsidiaries, notably the International Development Association.

The hope that the administration would submit such a program proved to be in vain.

Last year, the committee reported and the Senate approved a bill which provided for a joint executive-legislative Foreign Aid Planning Committee to revamp the program and which laid down general guidelines for that committee to follow. Unfortunately, it proved to be impossible in conference to persuade the House of the merits of this approach.

Despite a number of fine pronouncements concerning the application of new criteria in the granting of foreign economic assistance, the legislative proposals submitted by the administration this year fell short, in many respects, of what the committee deemed desirable. Therefore, Mr. President, the Foreign Relations Committee has itself undertaken the task of writing these revisions into law. They are generally consistent with what the Senate has approved in the past, and they are consistent with the discharge of the Congress' responsibility for establishing the terms of the program which the executive branch is to administer.

The committee has approved the administration's proposal to authorize economic and military assistance in separate bills. This is a reform which the Senate has itself previously supported and which will make it easier for the Senate and the public to consider each major type of aid on its own merits and to draw clearer distinctions between them. I want to emphasize that it will have no effect on the relative authorities and responsibilities of the Department of State and the Department of Defense.

The principal changes which the committee has made in the economic aid program are to concentrate it in fewer countries and to emphasize multilateral rather than bilateral administration.

One of the frequent criticisms that has been made of the aid program, by the Foreign Relations Committee as well as others, has been that it is too diffuse and spread too thinly over too many countries. In the Senate version of the foreign aid bill last year, one of the guidelines provided for revising the program

was to limit aid to 50 countries. In their testimony before the Foreign Relations Committee this year, both AID Administrator Bell and Secretary Rusk have made much of the fact that a major proportion of aid is indeed concentrated in a mere handful of countries. In his message to Congress on foreign aid, the President himself said:

We must concentrate on countries not hostile to us that give solid evidence that they are determined to help themselves.

The Foreign Relations Committee has made this a legal requirement as well as an administrative policy. The committee believes that this action is necessary in order to compel more careful and selective consideration of the assistance which we extend to those countries in which we have an overriding interest. There is clearly a need to arrest the tendency of the executive branch to consider foreign assistance as an inevitable and, indeed, automatic feature of our bilateral relations with developing nations. The numerical limitation will go far toward avoiding situations where an ill-considered reliance on aid as a short term expedient jeopardizes our long-range interests by creating complicating commitments and expectations.

This limitation need not unduly restrict the flexibility of the executive branch in dealing with unexpected situations. The bill provides two escape procedures for such situations—the executive branch may obtain additional authorization from the foreign policy committees of the Congress upon presentation of adequate justification, or it may proceed through multilateral channels, because the committee's limitations do not apply to aid furnished through the International Bank or its affiliates.

With respect to multilateralism as with concentration of effort, the administration has endorsed a principle which the committee has previously sought to promote. In his message to Congress, the President expressed his "confidence in the multilateral method of development finance." Both Mr. Bell and Secretary Rusk likewise endorsed an increasing emphasis on multilateral aid. The draft legislation submitted by the administration did not, however, reflect their statements.

The committee does not propose in this bill to turn the entire aid program over to the multilateral institutions but it has written into the bill several provisions which will push the program toward greater multilateralism. The most direct of these is the requirement that 15 percent of development loan funds be used through the International Bank or its affiliates, the International Development Association, and the International Finance Corporation. In addition, permissive authority—not a requirement—is provided for use of 15 percent of Alliance for Progress funds through the World Bank family or the Inter-American Development Bank. Finally, all Alliance for Progress loans are made contingent upon approval of individual country economic plans by the Alliance's multilateral review agency, the Inter-American Committee for the Alliance for

Progress, or CIAP as it is known after its Spanish initials.

When aid passes through an international organization, such as the World Bank or the International Development Association, en route from the aid-supplying to the aid-receiving nation, it is denationalized and an international buffer is erected between lender and borrower, or between giver and receiver. This has great political advantages for both sides. It avoids the political problems which arise from the day-to-day involvement in the affairs of the recipient in the course of administering the aid. It avoids the physical presence in the territory of the recipient of large numbers of official Americans, and their dependents, inevitably calling attention—no matter how circumspect they might—to their wealth contrasted with the poverty of the recipient. It avoids resentment on the part of the aid donor when he does not receive the gratitude which he expects, and it avoids the resentment on the part of aid recipients who often feel that in order to maintain their self respect they must demonstrate their independence by rejecting the advice of the donor. Whoever heard of anybody being grateful to a bank—or of a bank expecting gratitude?

Finally, a multilateral lending agency, because it is nonnational and apolitical, is in a position to tie more sensible economic strings to its loans, to demand better economic performance, and to police that performance better. It is much easier for the political leaders of a poor country to accept and act on the unpalatable advice of an international agency than on that of a national government.

There are a number of other noteworthy innovations in the bill, notably more specific authority and expanded funds for population control work, and authority to apply to the other countries of Asia and Africa the technique of the joint commission on rural reconstruction which has been so successful on Formosa. These and other provisions are fully explained in the committee report, and I shall not detain the Senate with a further review of them at this time.

I do, however, want to comment briefly on the action of the committee in limiting the authorization of all aid programs to a single year. Until this year, I have myself advocated longer term authorizations, but recent events have persuaded me of the continuing necessity—time consuming as it is—for the annual review by Congress of our foreign aid activities.

The first factor influencing this decision is the astonishing assertion of the Secretary of State that the fact of U.S. aid to Vietnam is one of the bases for the commitment of 300,000 American troops there. The clearest statement of this point by the Secretary came in a speech before the national convention of Rural Electric Cooperative Associations in Las Vegas February 16. As reported in the Department of State's own press release, the Secretary said:

We are committed to assist South Vietnam to resist aggression by the SEATO Treaty,

which was approved by the Senate with only one dissenting vote; by the pledges of three successive Presidents; by the aid approved by bipartisan majorities in Congress over a period of 12 years; by joint declarations with our allies in Southeast Asia and the Western Pacific; and by the Resolution which Congress adopted in August 1964, with only two dissenting votes.

But there is more than our involvement in Vietnam which has brought about a change in my thinking on the question of multiyear authorizations. I am most apprehensive about the tendency in the executive branch of Government to escalate the extent of our aid commitments.

In a television interview April 19, the Vice President said of the Honolulu declaration resulting from the Johnson-Ky conference that it was the articulation of a Johnson doctrine for Asia, that "it was directed towards an Asia, a modern Asia, an Asia with abundance, an Asia with social justice, an Asia at peace, an Asia with tremendous programs of social, economic betterment." It was, he continued—

A pledge to ourselves and to posterity to defeat aggression, to defeat social misery, to build viable, free political institutions, and to achieve peace. Now, those are broad terms, but these are great commitments. And then you add onto this, sir, our relationships with India and Pakistan, but particularly now India, where the discussions between our two governments have gone far beyond just food; they have gone into the whole matter of development of the economy, the social, political structure. I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home.

It may well be that the Congress would agree on the desirability of a "Johnson doctrine for Asia." I do not believe, however, that it would be proper for the executive branch to embark upon a program without thorough congressional review. I would be much more inclined to support multiyear authorizations if there were not this tendency to escalate our commitments by such statements. In the circumstances, I think it well to keep a tighter rein on the aid program than might otherwise be necessary, or even desirable.

Further, Mr. President, on the question of multiyear authorizations, it should be recalled that the Senate's action last year in voting a 2-year authorization was directly linked to a provision terminating the aid program in its present form at the end of fiscal year 1967, and the establishment of a Foreign Aid Planning Committee to undertake an exhaustive study of the premises and conduct of our foreign assistance programs. It was only under these conditions that the Foreign Relations Committee members were willing to approve a 2-year authorization. In the words of last year's committee report:

These two major provisions were almost indissolubly connected with respect to the committee's heavy vote in favor of the bill.

Unfortunately, as I noted earlier, the House, which had voted a 1-year authorization, would not concur in these provisions of last year's Senate bill. The House bill this year, on the other hand,

contains a 5-year authorization for development loans and the Alliance for Progress, and a 2-year authorization for the remainder without revision of the program or provision for its review.

Mr. President, the burden which has been carried by those of us who have supported this program in the past arises not from any basic fallacy in the principle of assisting other nations, but rather from the imperfections in the basic approach and administration of the program in the past. The extent of the present public and congressional dissatisfaction with our aid program is such that it cannot be overcome by administrative reforms and certainly it does not merit the confidence inherent in a long-term authorization.

As I have said before, the problem is simply that as long as we continue to go about foreign aid in the wrong way it will fail to produce the hoped for results. I believe that the reforms which we have written into this bill are a step in the right direction, but until they have been tested, and other reforms made, and until the world situation stabilizes somewhat, I believe that we would be abdicating our responsibilities if we did not continue to conduct an annual review of our aid policies.

Finally, Mr. President, I want to conclude with the thought that what is at issue is not so much whether we have a foreign aid program as what kind of program it should be. Segments of the press have berated the Foreign Relations Committee rather severely because of its action with respect to this bill. Yet the committee has approved an authorization only \$117 million less than the appropriation requested by the President. This is a cut of less than 5 percent, and is extremely moderate as foreign aid cuts go and less than I favor in this bill. This is evidence, I think, of the general conviction of the committee that some sort of foreign aid program is necessary. The committee believes it will be a more effective program if it is changed in the ways provided by the committee bill.

Speaking for myself alone, for reasons which I have indicated and shall develop more fully later on, I am willing to support more substantial contributions to development financing through multinational organizations, but am unwilling to continue indefinitely large scale binational aid programs.

Mr. President, in this connection I ask unanimous consent to have printed in the RECORD an article from the New York Times of this morning concerning a proposal of the President of the World Bank to ask the developed nations to contribute \$1 billion a year—aside from whatever they may be doing bilaterally—for administration by the International Development Association.

This is an illustration of what I mean as a more effective procedure, and I favor the proposal of Mr. George Woods, who I believe is an extraordinarily able administrator of the World Bank and its affiliated organizations. This is precisely what I have in mind.

I favor the diversion of a major part of our development lending into this type

of international lending. In fact, I would not hesitate to support a larger U.S. contribution to the IDA because I believe that this approach would be more effective. It would avoid our getting involved in the kind of controversies such as that facing us in Vietnam. That is an extreme example, but there are other instances of less serious involvement which, I believe, may lead to similar troubles if bilateral lending is continued.

I ask unanimous consent to have this article printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORLD BANK SEEKS \$1 BILLION TO LEND TO POOR COUNTRIES—RICH NATIONS TO BE ASKED TO QUADRUPEL CONTRIBUTIONS TO PROVIDE "EASY" LOANS

(By Edwin L. Dale, Jr.)

WASHINGTON, July 17.—The United States and the other industrial countries will shortly be asked to quadruple, to \$1-billion a year, their contributions to the World Bank for "easy" loans to poor countries.

The request will probably be made this week by George D. Woods, the president of the bank. The formal title of the World Bank is the International Bank for Reconstruction and Development.

The contributions, now running at \$250-million a year, would go to the bank's easy-loan subsidiary, known as the International Development Association. The bank itself raises funds by selling bonds on the world's capital markets.

NO INTEREST AND 50 YEARS TO PAY

The United States share of the contributions to the association would remain at about 40 per cent, or \$400-million a year instead of the present \$100-million. The money is lent to the world's poorest countries with no interest and 50 years to pay.

The Woods request will pose a major choice for the United States and the other rich countries. It will bring to a head the question of whether a much larger portion of economic aid to the poor countries should be given through international institutions instead of bilaterally.

It will also pose dramatically the question of the willingness of the rich countries to increase the total volume of aid to the developing countries. The World Bank has calculated that the developing countries are now in a position to absorb usefully from \$3-billion to \$4-billion more a year than they are currently receiving.

AID TOTALED 9.1 BILLION

In 1964, the last year for which figures are available, total government aid was \$5.9-billion and private capital flow was \$3.2-billion.

Mr. Woods has chosen this week to make his formal request for additional funds for the I.D.A. because the top foreign aid officials of 15 countries will be here for a meeting not directly connected with the World Bank.

This is a meeting of the Development Assistance Committee, an arm of the 21-country Organization for Economic Cooperation and Development. The committee seeks to coordinate the aid programs of individual aid-granting countries.

The member nations of this committee are also the main contributors to the I.D.A.

The bulk of support for the association comes from the United States, Britain, West Germany, France, Italy, Japan and Canada.

Mr. Woods will speak to the meeting, but he is expected to make his formal request for funds for the I.D.A. separately.

The donor countries have known for months that a request for a new round of contributions for the I.D.A. was impending

because its association funds are running out. The last round of contributions was \$750-million over a three-year period.

Mr. Woods has given no hint, however, of how much he will ask. His asking figure of \$1-billion was learned from highly authoritative sources.

What the United States reaction to the request will be is not known. Top officials have indicated a definite sympathy with the idea that the rate of aid given by the association should be increased, but whether they will go along with a quadrupling of the aid is uncertain.

Furthermore, the United States is eager to find a device by which its contributions to the I.D.A. would not further worsen its deficit in the balance of international payments. Dollars donated to the association are disbursed by the bank on the basis of competitive world-wide bidding, and thus many of them eventually flow by way of the poor countries to other developed countries.

RIGHT TO REDUCE

Mr. Woods is known to have strong reservations about two possible ways that the United States, or other donor countries, could be protected against any adverse balance-of-payments effect.

One would be to give a nation in balance-of-payments difficulty the right, at the time the money is disbursed by the I.D.A. several years from now, to reduce its contribution by some specified amount for the year in question. This poses for Mr. Woods the problem of not knowing precisely how much money he could commit for loans.

The second would be a requirement that the bank "tie" its disbursements to goods procured in the nation suffering payments difficulties. Dollars would have to be spent in the United States, for example. This would require a sharp revision of the bank's current practice.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARLSON. Mr. President, I would not like this opportunity to pass without expressing my appreciation to the distinguished Chairman of the Committee on Foreign Relations for the outstanding service he has rendered in holding the hearings and in having this bill properly presented to the Senate for consideration.

I can think of no more difficult assignment in connection with legislative matters than one involving the handling of foreign aid legislation—which is always a controversial subject, in its least, in addition to involving the varied opinions of the members of the committee.

I state frankly that while the bill was reported, many different viewpoints were expressed on it, and still are being expressed. The Chairman is entitled to much credit for the fine way in which he conducted the hearings, for his thorough knowledge of the problems confronting us in the foreign aid field, and for his devotion to a cause that I believe is essential to our international interest.

Experience clearly demonstrates that friends and cooperation cannot be bought with money, and that neither people nor governments can be remade in our own image. That has been one of the problems confronting not only our Nation but also the committee in dealing with this problem. We have not hesitated to spend large sums of money, but in many instances the results have been far from satisfactory.

With that thought in mind, Mr. President, I wish to express my appreciation to the distinguished chairman of our committee.

Mr. FULBRIGHT. Mr. President, I appreciate the kind words of the Senator from Kansas. He has followed these hearings closely, and has made a great contribution to the consideration of what I regard to be one of the most difficult bills which has come before the Senate.

It is difficult because it undertakes to deal with what I believe is the major problem confronting the world—that is, the great disparity between the incomes and living standards of industrialized nations and the underdeveloped nations.

I recognize the problem. I have been criticized, as have other members, for not being fully conscious of this problem, and sympathetic to criticisms based on some of my actions and statements in the last 2 years on this subject. I believe that this is perhaps due to my failure to convey adequately to the press, who have commented on this, what I feel about the problem.

I have always supported foreign aid beginning with the Marshall plan. But as time passed, it became more evident, in my view, that something basic is wrong with the aid program.

The program has not achieved its purpose in the underdeveloped world, as it did in Europe. I believe that the experience with the Marshall plan misled some of us to believe that we can do with money what we did in Europe. The difference, of course, has been commented upon often: The situation in Europe involved a highly developed economy and society which was severely damaged by the war. That society contained the manpower, the know-how, the men and the traditions—everything except the capital. All it needed was the infusion of capital. We supplied that and the aid program worked well.

The situation in the rest of the world is not comparable to that in Europe after the war. I do not believe that a bilateral approach by a great nation assuming a kind of patronizing attitude—a new kind of colonial attitude, in which we undertake to supervise and tell the underdeveloped countries what to do—can succeed. The word "colonial" may not be proper, but I cannot think of a better word at the moment.

We are becoming involved in the internal affairs of a great many countries, and I do not believe we are capable of making the existing program work effectively. That is why, in frustration at the lack of success and also because of the involvement in such instances as in Vietnam, I have turned to the multilateral approach.

Within their respective areas of operation, the agencies such as—IDA, the United Nations Special Fund, IFC, the Inter-American Development Bank, and the Asian Development Bank—have done a good job. The Asian Development Bank has just been created, but the organizations that have operating experience have been doing a good job, free from the involvements and the difficulties that we are suffering from in

our various aid relationships throughout the world.

This is the main point. I am not minimizing the importance of the developed countries doing something to bring about better conditions in the underdeveloped world. I believe we should. But we should do this in a more effective way than we have in the past.

In passing, I wish to say that economic aid, whether given bilaterally or multilaterally, is not the whole answer to the problems of the developing nations by any means. It is only a supplement. I believe that of far greater importance is the question of terms of trade—that is, how to stabilize and increase the income of underdeveloped countries for their basic raw materials.

It has always seemed very sad to me that great countries, like ours and those of Western Europe, use their ingenuity in trying to get commodities from the underdeveloped countries at the lowest possible cost, in the old tradition of our capitalistic system, and then have to turn around and supplement the economies of those underdeveloped countries with aid. It makes no sense for us to pay too low a price for the basic commodities—the minerals, the foodstuffs of the underdeveloped countries—and then give aid to the same countries. A way should be found to enable these countries to benefit more from their trade. This is what I mean when I say we need to improve the terms of trade.

A great disparity has developed between the prices of industrialized goods and raw materials. Of course, that same problem has afflicted us in the United States, as a result of which for many years our farmers, who produce the wheat, the cotton, the soybeans, and the corn, never received a fair price for their commodities. That is why the Federal Government had to step in with price support and other programs in an attempt to rectify the situation.

The same system cannot be applied internationally, but I do believe that a system should be instituted which would enable the developing countries to obtain better—and more stable—prices for their raw materials. This would be a far superior way in which to eliminate this great disparity in income between the rich and the poor nations than continuation of aid would be.

To me, aid is a temporary palliative, rather than a real solution to this problem. I have supported aid, and I support it now. However, I wish to say again that I shall not continue to support bilateral lending because of the unfortunate political results of it.

I believe bilateral aid contributes to making unsatisfactory relationships in many cases. We have had libraries burned. I do not know how many.

(At this point, Mr. BYRD of Virginia assumed the chair.)

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I was interested in what the Senator said about raising the income of the people of the countries where we are doing business.

While our aid program has been unable to achieve that purpose in a material degree, some of our business concerns—and I am thinking particularly of Sears, Roebuck at this point, and others—have achieved that purpose and improved the lot of the people in the countries where they operate. They gradually produce more of what they sell. I believe that in one Latin American country they produced 100 percent of what they sold in that country. There is more business for the company, it improves the lot of the people, and it improves business generally.

I am sure that the chairman of our committee is familiar with the commencement address given by the Honorable Eugene Black at Wellesley College early in June, in which he pointed out many weaknesses in our methods of extending aid. That speech of Mr. Black was so good that it did not get the press coverage it deserved. I inserted it in the RECORD.

Mr. Black pointed out that our State Department is so busy conducting programs and they spend so much time at it that it detracts from their ability to carry out the normal functions of the Department of State.

He recommended that more of our aid be extended through international organizations, which the Senator from Arkansas [Mr. FULBRIGHT] referred to, and also through nonprofit organizations. He even went so far as to suggest that we could extend aid through some of our business organizations or corporations.

I realize that there are risks—political risks, at least—in the latter suggestion. However, we must admit that most of our big corporations are many times more efficient than Government agencies.

Mr. Black pointed out how many of our Government agencies spend so much money competing with each other; issuing statements of what they are going to do in a country, and then not doing it. That does not make the people of the country feel good about the program.

I think we should pay more attention to the recommendations of Mr. Eugene Black. He has been reasonably successful with the International Bank which he headed for several years. It not only did a great deal of good throughout the world but accumulated a billion dollars in reserves at the same time, all of which was invested in U.S. securities, showing that somebody, at least, has some confidence in the financial position of the United States.

I think we should pay more attention to recommendations such as those made by Mr. Black.

Mr. FULBRIGHT. I wish to endorse what the Senator has said about Mr. Black. I have spoken with him many times in the past about this subject. Mr. Woods is now carrying on the tradition of the Bank.

Mr. John Rockefeller III, who has been very interested in Asia, made a speech recently in New York along the same lines. Many people with great experience

in this field endorse the principle of providing aid through multilateral agencies.

Mr. AIKEN. While on a very fruitful trip, which was known as the Mansfield mission, we found that all countries in southeast Asia, bar none, excluding North Vietnam, of course, were very much interested in the cooperative proposals for improving the economy of the region.

Perhaps if that program were implemented they would not think so much about fighting or taking over a neighboring country.

I notice this morning in one of the news items that the Saigon government decided to take away the aid programs of South Vietnam from the CIA. Many people know that the CIA was operating aid programs in many countries. I am not so sure that that is a good thing.

Mr. FULBRIGHT. Does the Senator mean take it away from them?

Mr. AIKEN. The CIA has been efficient in every way.

I want to say that it was a pleasure to go on that trip under the leadership of Senator MANSFIELD, who is very much respected in every country of the world where we went.

But they must have some means and plans to work together or they will constantly be at war with each other and we may be at war with them.

There is, in my opinion, a great opportunity to carry out projects for raising the standard of living of the people in foreign countries through some of our business corporations.

I think that the Senator from Arkansas has done well to bring this subject up. A bilateral program has many drawbacks. Where there is a multilateral program we at least have several countries watching each other to see that this program is operated efficiently, fairly, and honestly.

Mr. FULBRIGHT. And there is taken away the idea that one country is seeking to dominate another. This is a complaint we get around the world. I do not believe the President had that intention in mind in carrying out our aid program. But conditions arise which give credence to this complaint, and it creates a bad relationship.

I appreciate the comments of the Senator from Vermont.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARLSON. On the point that the distinguished Senator from Vermont [Mr. AIKEN] made, it seems to me that we should insist on private industry, both domestic and foreign participation, in these programs, and in these countries, in every way possible. I feel that that is the way that we get efficient management based on experience. That is true of domestic corporations, and I am sure it is true of foreign corporations as well. They can use this money to its greatest advantage. That is one of the problems facing me when it comes to voting on the foreign aid bill.

As the chairman of the committee and the Senator from Vermont [Mr. AIKEN] know, from June 30, 1965, to June 30, 1966, we spent \$550 million in South

Vietnam on the foreign aid program, all outside of the military.

In testimony before our committee—and it appears in the hearings—a man formerly in the AID program sent over as a consultant came back and said that only 10 or 20 percent of this money reached the people to render benefits to them that we really intended.

It has been a privilege to support foreign aid programs. I support them now.

I believe that our Nation can be of assistance to underdeveloped countries. It does concern me that we do not get more value for our money. Money does not seem to buy friends in this program.

Mr. FULBRIGHT. No.

Mr. CARLSON. We have to try to get the money out to the people themselves. In many instances we have been lacking. I regret it very much.

Mr. FULBRIGHT. I wonder if I might question the distinguished majority leader.

Does the Senator have any definite idea how we should proceed on this bill? Will we vote on it today? I am ready to proceed.

Mr. MANSFIELD. I understand that there are some Senators who have amendments, and I would hope that they offer them. It is my intention to ask for a live quorum, in order to get Members over here to offer their amendments which they supposedly have ready.

Let me ask the Chair, how many amendments are there at the desk?

The PRESIDING OFFICER. There are four printed amendments, and two additional were submitted today.

Mr. CARLSON. The Senator from New York [Mr. JAVITS] advised me before he left the Chamber that he would be anxious to come back within a short time, because he has some amendments to offer.

Mr. MANSFIELD. I believe that he has three.

Mr. President, I suggest the absence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 141 Leg.]

Aiken	Dominick	Mundt
Anderson	Fulbright	Neuberger
Burdick	Holland	Simpson
Byrd, Va.	Jordan, Idaho	Talmadge
Carlson	Mansfield	Young, Ohio
Church	McClellan	

Mr. INOUE. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. JORDAN], the Senator from New York [Mr. KENNEDY], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Minnesota [Mr. MONDALE], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode

Island [Mr. PELL], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Michigan [Mr. GRIFFIN], the Senator from Nebraska [Mr. HRUSKA], the Senator from California [Mr. MURPHY], the Senator from South Carolina [Mr. THURMOND], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion is agreed to, and the Sergeant at Arms will carry out the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Allott	Hartke	Pastore
Bartlett	Hayden	Pearson
Bayh	Hickenlooper	Prouty
Bennett	Hill	Proxmire
Bible	Inouye	Randolph
Boggs	Jackson	Ribicoff
Brewster	Javits	Robertson
Byrd, W. Va.	Kuchel	Russell, Ga.
Case	Lausche	Saltonstall
Clark	McGee	Smathers
Cooper	McGovern	Smith
Cotton	McIntyre	Stennis
Curtis	Metcalf	Symington
Dirksen	Miller	Tydings
Ervin	Monroney	Williams, N.J.
Fannin	Montoya	Williams, Del.
Fong	Morse	Yarborough
Gore	Morton	Young, N. Dak.
Harris	Moss	
Hart	Nelson	

The PRESIDING OFFICER. A quorum is present.

Mr. JAVITS. Mr. President, I shall address myself to the pending measure and make some general observations about it and then speak specifically with regard to four amendments which I shall offer to the pending bill.

My first amendment is an effort to authorize the program for 2 years instead of for 1 year, as now set forth in the legislation.

The amendment is sponsored by Senators FONG, HARRIS, INOUE, MORSE, NELSON, DOUGLAS, and myself.

The second amendment is to prohibit aid to military juntas that have undertaken takeovers of constitutional government—and Argentina, of course, is the prime, present example—unless they give appropriate assurances of the restoration of human and civil rights and of free election at the earliest possible date. The amendment contains the necessary escape clause of the President to certify to Congress that the national security requires the continuance of some aid.

The third amendment would deal with President Nasser and the United Arab Republic. Congress has dealt with that subject before. However, somehow or other we cannot get through to the administration that we cannot see the wisdom of giving aid to Nasser when he is working completely opposite to the in-

terest of the United States in almost every department. The amendment is the same as the one agreed to by the House of Representatives. The Senator from Alaska [Mr. GRUENING] and I co-sponsor that amendment.

The fourth amendment endeavors to incorporate in the Senate bill what I think was a very fine proposal in the bill just passed by the House of Representatives. I am somewhat at a loss to understand why this was not even referred to in the Senate committee. That proposal concerns the establishment of an International Private Investment Advisory Council in order to determine what part and whether an adequate part is being played in the foreign aid program by private enterprise.

A great, historic report was issued last August by a Committee headed by Mr. Arthur K. Watson, the Advisory Committee on Private Enterprise in Foreign Aid. This report concerned private enterprise in foreign aid.

The Committee was set up pursuant to an amendment which I offered to the foreign aid bill. That report requires extensive implementation. When the amendment is offered, I shall introduce two reports given to me by AID as to the extent to which the committee's recommendations have been implemented.

I think the idea of maintaining a private enterprise advisory committee and seeing to the further implementation of the Watson Committee is splendid. It seems to me that it should receive universal acclaim. I hope that the Senate thinks well enough of it to include it in the bill and thereby make the Congress unanimous on the subject.

Those are the four amendments to which I shall address myself in due course. Before I deal with the amendments, I wish to make an observation upon one matter which has been raised, rather importantly, by the Senator from Arkansas [Mr. FULBRIGHT], for whom I have the very highest regard.

I do not think the suggestion of the Senator from Arkansas renders good service to the foreign aid program. That suggestion involves the thesis that, because we give foreign aid to a nation, we become so involved with that nation that foreign aid leads to other involvement, and we find ourselves up to our necks in military involvement.

The Senator from Arkansas cites Vietnam as a prime example of how the foreign aid program can lead us into military involvement and war.

Indeed, this statement is given as one of the main reasons why the authorization for foreign aid is only on a 1-year basis. I think everybody realizes the completely valid arguments against the grave lack of flexibility which is attributable to the 1-year basis.

Mr. President, I have sought to find in the transcript of the foreign aid hearings the basis for the view of Senator FULBRIGHT. I do not find any real basis for it. In fact, I find the situation to be the opposite.

In a statement before the Foreign Relations Committee on May 9, 1966, at pages 549 to 554, Secretary Rusk offered

substantial evidence showing that our involvement in Vietnam, whether it was good or bad judgment, was the result of a decision on the part of the United States that it has a vital stake in the security and independence of southeast Asia. Indeed, statistics show that United States economic aid to Vietnam followed rather than preceded the military escalation of that struggle.

Mr. President, I ask unanimous consent to include at this point in my remarks a table of total United States economic aid to Vietnam for the fiscal years 1958 to 1966.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

<i>Total U.S. economic aid to Vietnam, fiscal years 1958-66</i>	
<i>[Millions of U.S. dollars]</i>	
1958	188.7
1959	207.1
1960	180.5
1961	144.6
1962	143.3
1963	197.5
1964	223.7
1965	268.9
1966 (estimated)	541.1

Mr. JAVITS. Mr. President, it appears that our aid remained relatively stable until after President Kennedy took his historic position on July 15, 1963, to increase our Vietnam troop strength from 2,000 to 16,000, and to change their status to combat troops. A material escalation occurred after December 12, 1965, when President Johnson increased our troop commitment to Vietnam by 175,000.

In other words, the situation did not change in magnitude in all the years down to about 1963, when a 25 percent increase occurred in economic aid to Vietnam, and in 1964, 1965, and 1966, when the figure was really high.

I cannot see the validity of this thesis, Mr. President, nor do I believe that it should have an influence—in this case, an adverse influence—upon our policy with respect to foreign aid, because it is not borne out by the facts.

The facts are that foreign aid is intended to endeavor to redress the balance in the world to some extent. The more developed countries are advancing at such a faster rate as to widen the gap with the underdeveloped countries, notwithstanding the revolution of rising expectations. In some effort to level off that situation, to close that gap, we and other industrialized nations give foreign aid, realizing that a relatively wealthy nation cannot live on a poverty-stricken street unless it does its share and its part in attempting to bring up the others who are not so fortunate.

One other feature that has come out of Senator FULBRIGHT's thesis is the strong view that our aid should be placed on a multilateral basis. A strong argument exists for that view, and on the whole I am sympathetic to it. A great deal of experience in the World Bank, the Inter-American Development Bank, and the International Development Association has shown that aid handled through international agencies is ef-

fective in shielding us from criticisms and the antipathies which result on the part of the receiver toward the aid giver.

However, Mr. President, under present world conditions, it is impractical to expect the bulk of our foreign aid efforts and that of other countries to be made entirely on a multilateral basis.

The bill calls for 15 percent of the aid funds to go through international agencies. That is probably just about as much as can be expected.

I have a letter from the League of Women Voters of the State of New York, in which they state their objection to some of the limitations recommended by the Senate Foreign Relations Committee in S. 3584. Among them the league objects to the requirement in this bill that 15 percent of development loans be channeled via the IBRD and IDA—much as they favor the idea of aid through multilateral channels—on the grounds that it may lead to a further reduction of funds for development loans. However, whether or not the requirement is mandatory, it is just about as far as we can go.

In deference to the views of the League of Women Voters of New York State, I ask unanimous consent that this letter be made a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Similarly, I have a letter from the League of Women Voters of the City of New York. This organization feels more kindly toward the 15 percent requirement, but also joins the State league in protesting the 1-year authorization. I join them in considering that extremely unwise.

Mr. President, I ask unanimous consent that the letter from the League of Women Voters of the City of New York be printed in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. JAVITS. The share of total free world economic assistance channeled through international agencies is about 17 percent of the total commitments, and has remained fairly constant in recent years. Thus, despite strenuous efforts on our part through the Development Assistance Committee of the OECD and other channels, the Governments of France, West Germany, the United Kingdom, and Japan have been unwilling to relinquish control over their AID funds to international lending institutions.

The reasons for this are varied. The French, for example, link their program closely to countries which they formerly administered and with which they now have a rather close political and economic relation. The United Kingdom gives assistance to former British possessions or territories, which makes the desire to keep it bilateral.

The German program is motivated not only by a genuine desire to assist in the social and economic progress of the less developed world, but also by strong emphasis both on the expansion of trade with Germany and on exercising political pressures in support of the so-called

Hallstein doctrine—that is, the refusal of Germany to recognize a nation which recognizes East Germany.

I deeply regret that the Committee on Foreign Relations opposed a multiyear authorization in respect to the program. Indeed, the classic reasons given for multiyear authorizations are, in my judgment, extremely persuasive. In the first place, almost every administration has asked for it, and that includes Republican and Democratic administrations. The administration of President Eisenhower led in seeking a multiyear authorization here.

Indeed, in 1961, Congress approved a 5-year authorization for the development loan, part of it from the AID program. In 1962, Congress approved a 4-year authorization for the Alliance for Progress. Congress has also approved long-term authorizations for U.S. subscriptions to the World Bank, the International Development Association, the Inter-American Development Bank, and the Asian Development Bank in the shape of contributions to their basic capital.

Mr. President, the classic arguments for a 2-year authorization are, first, of course, the added flexibility which such an authorization will provide. Incidentally, 2 years is just about the basic minimum in which any flexibility at all could be experienced.

But it is essential that an effort be made to give some opportunity for planning, both to our own agencies and the recipients of aid, and it is the universal opinion of all of the technicians and the directors of these programs that at the very minimum a 2-year authorization is necessary to give some elbowroom for anybody to plan, including ourselves.

In fact, the need for the Committee on the Foreign Affairs and the Committee on Foreign Relations to deal with an authorization every year is one of the serious arguments against the single-year authorization because it impedes very materially their opportunity to probe the foreign aid program.

Indeed, there is no feeling, no particular grassroots feeling on the subject, for the other body just voted the other day 237 to 146 to give a 5-year authorization for development loans in the Alliance for Progress; and 2-year authorizations for the remainder of the aid program.

So, Mr. President, it seems to me very clear on all programs of efficiency of operation, the testimony of experts, the request of the administration, and the opportunity for the Senate and the other body to do their jobs, that at the very minimum we should have a 2-year authorization.

As I said before, I introduced an amendment sponsored by myself and Senators FONG, HARRIS, INOUE, MOSS, NELSON, and DOUGLAS—completely bipartisan sponsorship—for a 2-year program across the board: military, economic, development loan, and all phases of the bill.

I am advised that two members of the committee are proposing to offer this amendment. Normally, we yield to members of the committee in the offering of amendments when they choose to do so.

I have decided, assuming these members go forward with an amendment which is in form satisfactory to me and the cosponsors of my amendment, that I would rest content with joining them, and I trust other cosponsors of my amendment will join, so that we may present a common effort to attain the 2-year authorization for the program.

After all, the 2-year authorization would be a very much reduced multiyear authorization than that already authorized in the House of Representatives.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CARLSON. Mr. President, the Senator from New York [Mr. JAVITS] is making an effective argument why the period of time should be longer than 1 year, or possibly 2 or more years. I believe that the Senator from New York mentioned a vote taken in the other body on the 5-year extension, which I believe was a final vote. I wonder if it is not correct to say that there was a vote of 191 to 193 reducing the 5-year term.

Mr. JAVITS. The House rejected the motion to recommit containing a reduction from 2 years to 1 year all authorization, except for the 5-year authorization for the Development Loan Fund and the Alliance for Progress and a \$256 million cut in the Development Loan Fund. There was a vote of 237 to 146. Support for the 2-year authorization principal was sustained on several other votes during this debate.

I was giving that vote as authority for the limited proposition that I was advancing rather than for more than I was contending for.

Mr. CARLSON. Has the Senator given thought to the fact that the House passed the 5-year extension and that is now the pending matter before the Senate? We have a 1-year extension. Would it not be reasonable to assume that in the conference the conference committee might agree to 2 or 3 years, and, therefore, it is not necessary to take action on the floor of the Senate?

Mr. JAVITS. I have always found when we legislate that way that we are likely to lose our position, because I have been in many conferences. I am the senior member of one of our important committees and I am in all of those conferences. I say that is *sui generis*, as lawyers say. Things that get traded off in conference might include something where the Senate conferees are in a position to say, "The position of the Senate is 1 year and we are going to stick to that." Therefore, unless it is challenged on the floor of the Senate and we get some consequences, what is the view of the Senate? There would be no reason why the conferees could not stand fast.

I do not believe that I am prepared to accept that alternative.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CARLSON. As one who has served on conferences between the House of Representatives and the Senate, I can assure the Senator that House conferees are not only tough but they usually pre-

vail. That is why I made that suggestion.

Mr. JAVITS. I thank the Senator, who is very capable. And knowing him and loving him as I do, it was my feeling that we would have to put this one to the test, because it is so important. I do not think there should be any room for doubt about it.

I value very much the intercession of the Senator from Kansas [Mr. CARLSON]. He is always most helpful and gracious. I agree that the foreign aid program in its present form is inadequate, principally because the total impact, in terms of public and private capital flowing to underdeveloped countries, is vastly below the needs of developing nations for development capital. This is a failure in terms of direct assistance and tends to encourage the flow of private capital and increased AID contributions to industrialized countries.

One of the prime arguments for multiyear authorization is the ability to get increased aid contributions from other industrialized countries.

The 10 principal aid givers in the world are members of the OECD and when you ask for more or for their part you are met with the argument: Who knows what the Congress of the United States is going to do next year; therefore, why ask us; why not see what your Congress is going to do?

This hampers and cripples the effort of the United States to bring up the level of countries. The level of countries needs eventually to be brought up. The United Nations' goal is that each industrialized country should make 1 percent of its national income available for assistance.

We are 15 percent short of the economic aid the world needs to make reasonable progress. GATT is increasing, not being lost. About 1 percent on the part of the United States would mean twice as much aid as authorized by this bill, something in the neighborhood of \$6 billion.

In respect to Italy, its aid is fifteen-one hundredths of 1 percent of Italy's national income. In the case of Japan it is one-third of 1 percent. In the case of Canada it is about .39 of 1 percent. In the case of the United Kingdom it is more like our own, three-fourths of 1 percent. France is well over 1 percent—1.26 percent.

These deficiencies, Mr. President, indicate what can be done and what eventually needs to be done in terms of some kind of world peace and security.

I respectfully submit that one of the great keys to it is confidence in our own program and giving it some status which will enable our negotiators in the international negotiating forums of the world to seek additional aid from others because we are practicing what we preach, and that we give them some assurance over a period of time, which gives capability for negotiations instead of shutting the door to it.

I think that the argument for a 2-year authorization is absolutely irrefutable. I hope very much that the Senate will see the justice of the proposal and will vote, at the very least, for a 2-year authorization so that we may go into conference

knowing how the Senate feels, instead of with the uncertainty, at the very least, and the ability, as it stands now, of the conferees coming out of the Foreign Relations Committee just saying, "Well, 1 year it is, and the Senate went along with us and so we are going to stick by it." I think this would be a great mistake for our country.

Now, Mr. President, the other amendment, aside from the 2-year proposal which I shall press, is an amendment to deal with the problems created by military juntas, particularly the Argentine takeover which has just occurred, followed with unseemingly haste—and I say that advisedly—by recognition of the military regime on the part of the United States.

I say "unseemly haste," because only last November we adopted a resolution at Buenos Aires with the other American states, declaring that when such a military or nonconstitutional takeover occurred, we would consult with the other American states so that the assassination of democracy in the Western Hemisphere should not become fashionable, so that it should become unprofitable. We would consult with the other American states, we would not recognize, and we would not give aid unless there were reasonable assurances that free elections would be held as soon as possible, and that human and civil rights would be safeguarded.

Mr. President, so far as we know, no such assurances were given or are available in the Argentine coup. On the contrary, we hastened in to recognize General Onganía and his regime. I am well aware of the fact that many feel we could do worse in Argentina. Perhaps that is true. I was there not very long ago and I saw the situation. But, we have been suffering through Presidents and administrations which were unhappy for the country and which created difficulties, and because of other exigencies of the particular moment, or the particular months or years, and we know from experience, that to preserve the system is the highest calling of our society.

Thus, we must favor this kind of approach in Latin America which has been torn so bitterly for so long, the Caudillo system, the very system which we encourage by hasty recognition of governments which are taken over by nonconstitutional means. The amendment which I have proposed would sustain the Charter of the Organization of American States by demanding evidence of an early return to freely elected representative democracy in Argentina, and the extension of civil and human rights.

I was very much disquieted by the indications of a revival of anti-Semitic feeling in Argentina under the guise of this new regime, but I am very glad to report to the Senate that, so far, the evidence we have heard on that point is quite reassuring. However, the very existence of the disquiet, which was widely noted in the international press, demonstrates why we should insist on some agreement, or some understandings, or some reason to believe that there will be effective human and civil rights in connection with the situation where such a military coup has occurred.

Past foreign assistance acts have contained numerous provisions cutting off aid to Communist governments and governments which aid Communist governments. It seems to me that the United States should be against dictatorship in any form, military of the right or Communist of the left. I have strongly supported all of these prohibitions and I strongly support this one.

Of the 19 Democratic American states, 7 have still not recognized Argentina, Ecuador, Venezuela, Colombia, Costa Rica, El Salvador, the Dominican Republic, and Panama. They look to us for leadership. Those American states which have recognized Argentina may have some special reason for doing so.

Brazil is also governed by a military administration. Mexico has the Estrada doctrine, which requires recognition as soon as there is any effective government in control of a country. Chile, because of its physical contiguity, and so forth. Our country should try to hold some realization of principle and of the mistakes of broad policy for the other American states and for the temptation which always exists, apparently, in the military in so many of the beleaguered and troubled countries, where it is just a question of a takeover whenever they feel that things are not going exactly to their liking.

The amendment which I have proposed in this regard would direct the President to cut off aid unless he finds national security interests to require otherwise, and so certifies to the country.

Mr. President, I have no illusions about the fact that this is an aid cut-off amendment, or that the President may not very well almost immediately certify to us that he intends to continue giving some kind of aid to Argentina. But it is salutary when the President of the United States is put to his proof in matters of this kind, and it is salutary when Congress expresses in this way its displeasure with military or nonconstitutional takeovers, as we have expressed it so often with Communist takeovers or efforts at Communist takeovers.

Mr. President, I think that this is an extremely important amendment. I shall press it hard, and I hope that the Senate will adopt it.

Now, Mr. President, another amendment which I have put in for printing today would restrict aid to the United Arab Republic. This amendment is sponsored by the Senator from Alaska [Mr. GRUENING] and myself. The amendment is identical in language to the one adopted in the other body, and is similar to the amendment we adopted as part of the appropriations measure for fiscal year 1966.

There is a long catalog of how President Nasser has outraged his relations with the United States, treating us as suckers in regard to food aid—taking aid from us with one hand and torpedoing and destroying American policy with the other. What is even worse, he has dashed the hopes for peace in a critically important part of the world—to wit, the Middle East, as well as Africa—with Nasser literally thumbing his nose at the United States for so long.

As recently as June 21, 1965, the President of the United States thought that

we were going to resolve our differences with the United Arab Republic. I quote from his message to the Congress: "to our mutual satisfaction." Therefore, that aid to the United Arab Republic was in the national interest.

Again, as it has time and again before, our hopes were dashed and the situation is stickier and worse today than it was before. I will deal with those points during detailed argument on the amendment. But, at the very least, we should put the President to his proof in this matter and indicate our displeasure with the way in which the situation with Mr. Nasser has been handled by the United States, and the inadvisability of continuing aid which has worked out in such a counter-productive way so far as the interests of this Nation are concerned.

Finally, I shall propose an amendment with respect to the inclusion of an excellent provision in the House bill for an International Private Investment Advisory Council, to be composed of elements of leading American business specialists, to make recommendations to the Administrator of the foreign aid program in connection with particular programs and activities where private enterprise can make an effective contribution, and serve as liaison for the administrator with specific private enterprises which may be interested or involved in the foreign aid program.

I shall do this to help implement the enormous, and I hope, historic labors of the so-called Watson committee which came into existence through an amendment which I sponsored to the Senate bill 2 years ago which, in a magnificent report, developed exactly what needed to be done to bring private enterprise more effectively into foreign aid.

Certainly, foreign aid needs it most urgently. I have reports from AID as to the implementation of the Watson Committee report. I shall introduce them when I argue for this amendment.

I think the amendment is indispensable to the health of this bill and its future.

I hope very much the Committee on Foreign Relations will see fit to accept it. It certainly deserves to be accepted, rather than to be argued about, but I am quite prepared to bring the matter to a vote, if need be, because of the fact that it is so directly calculated to deal with the implementation of the report of the distinguished Watson Committee to which I have referred.

I wish to say to the manager of the bill that I am prepared to yield the floor, but I shall be ready, at a later time this afternoon, to bring up the amendment on an International Private Investment Advisory Council. I shall not prepare to do it for about an hour, but I shall be prepared thereafter.

I suggest to the manager of the bill that other Senators may wish to speak at this time, but I shall be back to present at least that amendment, if it meets with the convenience of the manager of the bill.

EXHIBIT 1

HON. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: The League of Women Voters of New York State views with

deep concern the limitations which the Senate Foreign Relations Committee has recommended to the authorization for foreign aid. We have taken pride in the past in your staunch support of adequate and flexible aid programs. We hope very much that we may look to you now for support of moves to reconsider, on the Senate floor, some of the restrictions attached to the authorization by the Foreign Relations Committee.

We hope the Senate will reverse the cut of \$117.1 million from the Administration request for economic aid, the one year limit, the fixed ceiling on the number of countries to receive aid and technical assistance, and the restriction of 15 percent of development loan funds for use through the World Bank group.

The League has been convinced over a period of years that economic aid is a long-term proposition. We believe that the House bill, which authorizes development loans and the Alliance for Progress funds for five years, and the rest of the program for two years, is a much sounder approach.

Assistance given to the underdeveloped nations should be proportionate to our national resources. The ratio of this aid to our Gross National Product has been declining, and will take a marked drop with the proposed cut. This we cannot justify.

The proposed increase in the interest rate on development loans after a 10-year grace period would have the effect of creating a greater debt burden in the developing countries. It is already costing the countries an increasing amount of money to service their foreign debts.

The recommendations for limiting long-term development loans, in any fiscal year, to ten countries, exclusive of the Alliance for Progress, except through multilateral organizations and except through the specific approval of the Senate Foreign Relations and House Foreign Affairs Committees is, we believe, an ineffective device for achieving the selectivity in aid programs which we have consistently supported. The same is true of the limitation to forty countries to which technical assistance grants may be made, with similar exceptions for increasing that number. The League is convinced that selectivity can be achieved effectively only if the President is given discretionary power to make assistance available to countries as conditions are altered and as they meet the criteria of self-help, etc.

Since the League has long supported greater use of multilateral channels for foreign assistance, it may surprise you that we do not applaud the move to require that 15% of development loans be channeled into the World Bank and International Development Association. We see this as another restriction which might further reduce the total of funds available for development loans, since the Appropriations Act has consistently prohibited the transfer of funds even when permitted under the Authorization bill.

We think you may be interested in the League's publications, *Foreign Aid at the Crossroads*, just off the press. I am delighted to enclose a copy.

Sincerely,

Mrs. KENNETH W. GREENWALT,
President.

Mrs. LANDON ROCKWELL,
Foreign Policy Chairman.

EXHIBIT 2

HON. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: The members of the League of Women Voters of the City of New York note with approval that the Senate Foreign Relations Committee has provided for the separation of military and economic aid in the Foreign Assistance Act of 1966.

We are, however, seriously concerned about the restrictions included in the bill. As you know, the members of the League, on the basis of their long interest in and study of United States foreign economic aid programs, have placed great importance on the programs' being long-range in character, recognizing that the problems involved require many years in their solution. For this reason, we are opposed to the Senate Committee's restriction to one-year for all programs and hope you will work to have this changed to the five-year authorization requested.

Furthermore, we believe the total amount requested is not adequate to meet the essential need for sustained and accelerated economic growth in the developing world. We hope you will consequently, not only work against any further cuts but will try to have those already made, restored.

It is our belief, also, that increasing the interest rate on development loans will have the effect of deterring development by creating a greater debt burden in the developing countries, forcing them to borrow more funds to pay for their imports. We would, consequently, urge you to seek to have the interest rate reduced to the present 2.5% on such loans.

Finally, we have long been in favor of greater use of multilateral channels for the distribution of aid and do, of course, approve the move to direct 15% of development loans into the World Bank and the International Development Association. However, we question whether the phrase "would be available only" might not result in further reduction of development loans, if action at the appropriation level follows that of previous years. We would prefer that permissive authority be provided the President for such transfers. This, we believe, would not tie his hands nor risk further reductions in the total amount of development loans available.

We will appreciate any efforts you may be able to make to change these provisions of the present Senate bill.

We are enclosing, herewith, the League's new pamphlet, "Foreign Aid at the Crossroads." We believe you will find it a useful, concise and comprehensive presentation of the foreign aid picture.

Cordially yours,

Mrs. IRWIN TOBACK, President.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER [Mr. MANSFIELD in the chair]. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INOUE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, I send to the desk an amendment to the foreign economic aid bill (S. 3584).

Mr. President, this amendment would prohibit U.S. economic assistance to countries which allow ships and aircraft under their registry to transport supplies to North Vietnam.

Existing law merely requires consideration of denying our assistance to such countries. This amendment makes denial mandatory. It corresponds to a prohibition written into the foreign aid bill as passed by the House of Representatives last Thursday.

The Vietnam war is costing the lives of nearly 100 Americans a week, and billions of American dollars. Yet, ships

flying the flags of nations with whom we have mutual defense alliances have been delivering commodities and materials to North Vietnam ports.

The purpose of this amendment is to state the attitude of the people of the United States toward recipients of our assistance—past and present—who persist in supplying a Communist enemy.

While the number of allied ships going into Haiphong has declined in recent weeks, we should take all possible steps to assure that countries which have engaged in the trade before will not resume shipments, and to discourage other countries from starting to trade with North Vietnam.

The PRESIDING OFFICER. The amendment will be stated by the clerk.

The legislative clerk read the amendment, as follows:

On page 20, between lines 3 and 4, insert the following:

"(f) Section 620(n), which relates to prohibition on furnishing assistance to countries trading with North Vietnam, is amended to read as follows:

"(n) In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment to the Foreign Assistance Act of 1966—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam."

(Mr. BYRD of Virginia assumed the chair as Presiding Officer.)

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, I propose at this time to make my first speech in opposition to the report of the Foreign Relations Committee on economic aid, a report which I voted against and refused to sign. My speech will take the form, primarily but not entirely, of the minority views that I filed, a copy of which is on the desk of each Senator.

These minority views bear in part upon an amendment which I understand, but did not have the privilege of hearing, the Senator from New York [Mr. JAVITS] discussed earlier this afternoon, amendment No. 641, which reads that:

No assistance shall be furnished under this Act to any member state of the Organization of American States the government of which came into power by the constitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, unless (1) the President finds that the prohibition against furnishing such assistance is contrary to the national security interest of the United States, or (2) the President is satisfied that the government of

such member state has agreed to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and application of human and civil rights and liberties within such member state.

Part of the amendment I thoroughly endorse. It seeks an objective I have sought in recent years, and accords with the principle I hold to, of being in opposition to aiding military dictatorships in Latin America. I am against any economic aid to any military dictatorship anywhere in the world, not only in Latin America, but it may be necessary to approach this problem piecewise.

I shall, in due course of time, after the Senator from New York offers the amendment—and the majority leader advises me the Senator from New York will do it—offer a substitute for the amendment.

Mr. President, I oppose now, as I have opposed before, giving an escape clause to the President of the United States in the field of foreign policy. That is part of our trouble. That is one of the reasons we are in the serious crisis we are in—because Congress, in my judgment, has not exercised its constitutional checks, but year after year has passed the buck to the President. In 1963, the Senate rejected an amendment I offered to the same effect as that now proposed by the Senator from New York [Mr. JAVRS]. Had it been adopted, the countries of Latin America and Presidents of the United States might have done better in protecting constitutionalism in the hemisphere.

The question of whether we shall support dictatorships or shall not support dictatorships is just that clear. I am just as much opposed to supporting dictators that the President of the United States thinks we should support as I am to supporting dictators the President of the United States might think we should not support. The issue here is whether or not the money of the American taxpayers shall be spent to support dictatorships.

What is the matter? Have we in Congress lost our courage? What is the matter? Have we become so partisan, in Congress, that we now support a President when he is wrong? What is the matter? I ask Members of my party. What has happened to the Democrats in Congress? Have we forgotten that we took the same oath the Republicans took to uphold the Constitution, and apply checks against the President when he is following a course of action in the field of foreign policy that cannot be reconciled with the public good?

Any time a President of the United States, after we have denied funds to a dictator, wishes to come to a joint session of Congress and make a case for legislation that will authorize him, on the basis of facts he presents, to support a dictator, let him do it. But this before-the-fact program which has come to be used in Congress to let the President do whatever he wishes to do, by giving him an escape clause, must stop. If we do not stop it, our failure to do so will result in the killing of Americans by the hundreds of thousands—whether we

fail to check this President or any other President. This is the granting of an Executive power that never should be granted in a democracy to any President, be it Lyndon B. Johnson or any other. It is the responsibility of a Congress to check a President from following an unwise course of action.

At any time a President believes that a law on the books should be modified, because he has some facts that he thinks would justify modifying the law, let him come up here, either send up a message or come in person—and I should think in a situation such as this he would come in person—to a joint session, and set forth the facts as to why the taxpayers should be supporting a dictatorship, anywhere in the world, that has destroyed constitutional government.

The fact is, Mr. President, this is only another one of the places where we prove our hypocrisy. We talk a good game about freedom, and support dictatorships. We talk a good game about self-determination, and then we support dictators who trample freedom underfoot, and try to rationalize our support in the vague general terms that a President of the United States "has found it in the national interest."

Mr. President, that is the way to develop a dictatorship in our own country under a democratic label. I know that many do not like to hear these things said, but they need to be said. For American boys are dying, in my opinion, because Congress has not exercised the checks that it should exercise against the executive branch of the Government. American boys are dying in Asia today because the Congress of the United States has stood by and let the executive branch of the Government exercise unchecked powers. American boys are dying because in August 1964, Congress passed a resolution which, in my judgment, under the Constitution it cannot possibly justify; for I think it was clearly an unconstitutional resolution, seeking to give to the President the right to make war without a declaration of war.

What is the matter with us? What has happened to us, that we sit here and permit the building up of that kind of increasing unchecked power in the office of the Presidency of the United States, and through that office in the offices of the Secretary of State and the Secretary of Defense?

Mr. President, I shall offer, in due course, a substitute for the amendment of the Senator from New York, that will strike any provision in it that gives an escape clause through which Congress would escape its responsibilities and pass the buck to the President of the United States—any provision which in effect says, "Mr. President, you go right ahead. You just go right ahead, Mr. President. If you want to support a dictator who has thrown out a constitutional government, if you want to support a dictator in Latin America who is trampling freedom underfoot, that is all right with us. So long as you just tell us it is in our national interest, go ahead."

We cannot reconcile such action with the advice and consent clause in the Constitution in the field of foreign policy,

Mr. President. For our constitutional fathers were more foresighted than I fear Congress is these days. Our constitutional fathers were foresighted enough that they wrote into that organic law the power of the U.S. Senate to advise and consent in the field of foreign policy. If you call such escapism advice and consent, then I say you abuse the meaning of the words "advice and consent." Advice and consent means that we advise and consent on the basis of a body of facts presented to us at the time we take legislative action. But what this type of amendment does is give us an opportunity to avoid facing up to the facts.

With a broad brush stroke, Congress passes a bill that says no support shall be given to military dictatorships which have overthrown constitutional governments. Fine. But then the Senator would add the destroyer clause, "But if the President wishes to do it, he can go ahead and do it if he says it is in the national interest."

We in Congress have a responsibility to take a look at the facts and decide whether or not it is in the national interest. And I wish to say, Mr. President, that unless I am growing deaf as far as American public opinion is concerned, what I am hearing from the grass-roots of America is an increasing demand on the part of millions of Americans that Congress start living up to its responsibilities, and start exercising its duty to check the granting of more and more power to the executive branch of the Government; that Congress assume its responsibility, 100 percent, for the legislative process, but not, through an escape clause such as this, let the President do the legislating for us.

So, Mr. President, I say again, that Congress must check the President of the United States in the field of foreign policy, or we shall find ourselves the most isolated nation on earth.

Mr. President, we are not getting support in the world for our undeclared war in Asia. The leaders of the world—and I do not like some of those leaders, but they happen to be leaders of their countries—are trying to warn us before it is too late that they are not going to give support to America's course of action in Asia in prosecuting outside of the framework of our own Constitution the undeclared war.

We now have it proposed in the early hours of the foreign aid debate this year that we will give blanket authority to the President of the United States. It will not be done with the vote of the senior Senator from Oregon at any time.

I want the majority and minority leaders to know that the senior Senator from Oregon will give no consent—as I have not for the last 2 years—at any time during the debate on foreign aid for any unanimous-consent agreement to limit debate or fix a time certain to vote.

Mr. President, once again the foreign aid bill, as far as the senior Senator from Oregon is concerned, will be considered under the rules of the Senate, with no unanimous-consent agreement whatsoever modifying the application of those rules.

To the extent that foreign aid has been the tool of American foreign policy,

it has been a costly and highly ineffective tool.

I am so glad to see the chairman of my committee here, the great Senator from Arkansas [Mr. FULBRIGHT].

I do not expect that the Senator from Arkansas will agree with me on all of the details of my opposition to foreign aid on the floor of the Senate any more than in committee, economic or military. However, that is not necessary for there to exist a great respect, and I have the deepest of respect for the Senator from Arkansas.

I know of no one in the recent history of this Republic that has done more than has the Senator from Arkansas [Mr. FULBRIGHT] in carrying out his obligations as chairman of the Committee on Foreign Relations in an effort to warn the American people of the great and serious problems that face them in the field of American foreign policy.

If the American people do not receive the facts in regard to foreign aid and foreign policy, if they are not given reason to ponder and analyze with deep, penetrating thought the great problems of foreign aid that face the people of this country in hours of crises, it is not due to any fault of the Senator from Arkansas. He has had the courage and the brilliance to bring before the American people an elucidation of some of the great dangers that face us in the field of foreign policy.

I therefore take this opportunity to have the RECORD show my deep appreciation for his leadership and my sincere thanks for his statesmanship.

In some phases of the foreign aid program, as far as criticisms are concerned, the Senator from Oregon and the Senator from Arkansas agree. In fact, in committee I approved and supported a series of amendments offered by the Senator from Arkansas. This history of our past years of debate on foreign aid show that many of the principles of those amendments were identical with the principles of amendments offered by me in the past.

I welcome someone's taking the lead this year in pressing some of the same viewpoints that I have pressed before. However, the Senator from Arkansas went much further. He improved greatly upon the past proposals of the Senator from Oregon. He presented new material and a new point of view in regard to many of them.

That causes me to be very enthusiastic in support of the position he took on issue after issue before the Committee on Foreign Relations.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I yield to my chairman.

Mr. FULBRIGHT. Mr. President, I wish to thank the Senator for his kind remarks about the chairman, who appreciates a word of approval. There have been an ample number of words of a contrary nature in the past several months.

We are now operating in a very controversial era. The Senator from Oregon certainly has demonstrated great foresight in the last several years in regard to our present troubles in southeast

Asia, and also I think with regard to the foreign aid program, even as disassociated from southeast Asia.

It is true that I have come around to a point of view that is very similar to that of the Senator from Oregon.

The change in my attitude has been greatly influenced by the course of events, particularly by policy developments in Asia and in the Caribbean.

I have tried to describe the drift of our policy in a number of speeches. The senior Senator from Oregon has described this trend in the past in much stronger and more colorful language than I have. I am concerned about this tendency for a great power—such as the United States—to lose its humility and to become arrogant in the use of its power.

This makes a difference as to whether I am willing to continue to support great additional power being given such as is represented by foreign aid. It is a substantial power, it is not a power such as is involved by the possession of the atomic bomb. However, it is a very important power, a power that can inject us into the internal affairs of many nations around the world.

That is one of the reasons that has brought me around to a point of view in respect to many of the aspects of this program that is similar to the point of view of the Senator from Oregon.

I am not sure that we have exactly the same basis for our views on these subjects. However, we come out at the same place on many programs and policies.

I still feel very strongly the need for assistance to the underdeveloped countries. I should prefer that it be in the form of better trade terms, but bringing about the needed changes will require a long time to accomplish. In the meantime, as an interim proposal, I am quite prepared to support more direct assistance through an international organization.

The Senator from Oregon has made a great contribution in foreseeing many of the developments that we are now experiencing. I believe that the Senator from Oregon has had greater foresight in southeast Asia than have most of us in the committee or in the Senate. I compliment him for it.

Mr. MORSE. Mr. President, the Senator is very kind. I want to say to the Senator from Arkansas that I am changing my viewpoint in some degree.

I have not gone as far as the Senator from Arkansas as yet. I may do so in regard to multilaterally administered foreign aid in place of the so-called bilaterally administered foreign aid. I intend in a part of my speech this afternoon to give some of my reasons why I think we will have to change the administrative format of our foreign aid if we are going, in my judgment, to avoid increasing the danger of our isolation in the world, as the result of the use of our bilateral economic aid eventually, and I think inevitably in most instances, leading us to military commitments along with them.

That is one of the great dangers in our aid program as it is now operated, and we are seeing the evidence of it in Vietnam and the Dominican Republic.

Mr. FULBRIGHT. Mr. President, I draw the attention of the Senator to the article I had printed in the RECORD today about Mr. Woods' International Bank making a proposal to increase the IDA fund.

This would be a step in the right direction. It is not a complete solution, but this approach to dispensing aid would help to insulate us from the political involvements which happen all too often under our bilateral aid program.

Mr. MORSE. As the Senator from Arkansas knows, one of my major problems with so-called multilateral aid programs under the World Bank or any of the other national financial obligations is the problem of Congress losing an effective check upon the use to which American money may be put in the field of foreign policy. Although the record of these international bodies to date is very good, nevertheless, we have no assurance that it will always be good.

The problem that concerns me is that large contributions of American money to a multilateral body, such as an international financial institution, may be used to support programs that do not enhance peace but can very well create the danger of war.

I believe that these proposed agreements should be examined very carefully, to determine what checks, if any, we can insist upon, within the charter of the bodies and within available principles of international law, to protect us from what I consider to be a misuse of the American contributions to those bodies.

That is why I am coming more and more to the point of view that in order to give assurance that we are not seeking our nationalistic interests in connection with the aid programs that we make available under bilateral arrangements, we should give more thought to whether the organization can be strengthened and to having our aid made a part of a multilateral program that would be administered through the United Nations, of which the World Bank is an arm, rather than a bilateral arrangement.

I plan to say later—I shall say this much now—that what worries me is that our President speaks over the television to a convention in West Virginia, and creates the impression in our country—with some different interpretation in emphasis in other parts of the world—that the United States is about to inaugurate on a unilateral basis, on the basis of our selectivity, an American "Great Society" program in Asia. The President seeks to give assurance that we seek to improve the lot of the people in Asia, not giving much thought to whether or not they like the format of his proposal.

Nothing contained in that speech indicated any assurance that the unilateral program of this country would be welcomed in Asia. Yet here is a proposal of the President of the United States that we are going to do it. We announce to the world that we are moving into Asia. What concerns me is the thought of the thousands of Americans who will die when Asia decides to move us out.

This assumption that our moving in will be welcomed, this assumption that we will be allowed to stay in, entails my fear—I make this interpretation myself, without attributing anything to anyone else—that if we go in with the kind of economic program that I believe is in capital letters between the lines of sentences after sentences in the President's speech, and it is challenged, we will be in with guns. We will decide our investment has to be defended with guns. We will be in to force our presence in Asia.

This practice must stop. The American people, in my judgment, must make clear to this administration that it must stop this executive branch deciding that we are going to move here, there, and beyond, in various parts of the world, and plant our presence in those places, on the basis of the fine-sounding rhetoric of the President in the West Virginia speech that it is good for them, that it is good for the world, and that this is the way to improve the lot of mankind.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Is not this speech, though, quite consistent in carrying out the doctrine that the Vice President described, both in a communique from Bangkok and later, I believe, in an interview in Washington?

Mr. MORSE. Oh, yes.

Mr. FULBRIGHT. There is nothing new about it. He is just carrying it on.

Mr. MORSE. Oh, there is nothing new about it.

This is a developing program. They are ready for this chapter now.

The Bangkok proposal of the Vice President was a trial balloon. Some of the proposals of the administration in Latin America are trial balloons. Now we have the situation in which the President of the United States, in the West Virginia speech, seeks to prepare American public opinion for a longtime presence, emphasizing economic presence, emphasizing schools and food and dams and economic development, appealing to our humanitarianism.

But that is not answering the question of how you are going to do it, Mr. President. How are you going to enforce it, Mr. President? Oh, Mr. President, what worries me is that this unilateral economic aid program of our country is but a facade or a camouflage for our military presence in these underdeveloped areas of the world.

In the West Virginia speech, in the speech before the so-called Freedom Banquet in New York some weeks ago, and in none of his other speeches, has the President told the American people what would be involved in backing up American economic aid in trouble spots of the world where the aid is challenged.

The fear of the senior Senator from Oregon is not only that it will be challenged in Asia, but also that Asia will find that this kind of unilateral action, in the so-called economic format proposed by the President, means military bases and military personnel to guard it, to protect it, to carry it out.

It is just a finagle, semantically, for what I had believed was an outworn

American foreign policy, that we would send in the troops to protect American economic interests when we decide that they are threatened, when the country in which they are located has decided it is time to get them out.

This situation raises some basic questions of national sovereignty. I see in the wings of this play of the administration, waiting for their entrance on the stage, as act after act progresses in the play, the maintaining in Asia, for decades to come, tens upon tens upon tens of thousands of American troops, if this unilateral program of the President of the United States is carried out.

That cannot be reconciled with peace. So, Mr. President, I think what we, the American people, should face up to is that we should join with countries in trying to bring the so-called good life to the suffering masses of Asia. But we cannot do this job alone.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. I think of what the Senator has said as a multilateral approach to it.

Mr. MORSE. That is why I said that I am coming over to the point of view that we have to have a multilateral foreign aid program; and at the present time I think the major difference between the Senator from Oregon and the Senator from Arkansas [Mr. FULBRIGHT]—if there is a difference it is minor—is the format, the instrumentality, the procedure for effectuating a multilateral worldwide foreign aid program.

I want to say, Mr. President, that there is a danger, if we continue this unilateral U.S. foreign aid program, it will take on, in fact, nationalistic characteristics and is going to be interpreted by our enemies and by neutral countries as nationalistically motivated. I ask this afternoon: How far wrong would they be?

If anyone thinks that the economic program of a Dean Rusk, or the military program of a Robert McNamara, or a combined economic-military program of both of them, is not nationalistically motivated, I do not think he could be more wrong. The sad thing is that much of our American foreign policy is nationalistically motivated. A nationalistically motivated foreign policy, in my judgment, is not going to stop us from being more and more isolated by more and more countries in this world.

That is why I am speaking in the very beginning of the speech this afternoon, presenting my opposing views to the economic aid program, in support of our bringing to an end the unilateral approach that the United States is making.

I wish to stress that that unilateral approach is bound to be characterized in no small degree by American military presence in countries in which we make the economic aid in one form or another, either directly or through our mercenary juntas we support in those countries.

That is what is involved in part in the Javits amendment—the general principle of which I support—and by the presidential escape clause provision—which I shall continue to oppose—and for that reason I will offer a substitute to it.

So, Mr. President, at best I wish to say that our foreign program has helped some countries at an extravagant price to the American taxpayer; at worst, it has sucked the military forces of the United States into foreign lands where we believed our prestige was involved because we had expended lavish aid on a particular political faction.

The Congress cannot escape the full responsibility for the direction, the effectiveness, and the cost of economic assistance. This is not foreign policy of the kind that the Constitution vests in the Executive. If it were, no legislation would be involved.

Economic assistance from the United States to any foreign country requires legislation, and while wide discretion may be given to the executive branch for its administration, the responsibility for its successes and failures will always lie with Congress.

In the recent past, indiscriminate aid programs have served to stimulate and underwrite the war between India and Pakistan, the near-war between Greece and Turkey, the growing arms race in the Middle East, widespread corruption in numerous countries, and a rash of military juntas in Latin America. So long as Congress fails to prescribe the terms and conditions that will curtail or suspend aid in these situations, and impose guidelines that will discourage our involvement in them in the future, we do not fulfill our legislative duty.

GOVERNMENT ACCOUNTING OFFICE REPORTS REMAIN CRITICAL

Sometime during this week in a speech in the course of this debate, I shall once again, as I have in the past several years, bring to the floor of the Senate all of the reports of the Government Accounting Office, setting forth its findings in its spot check investigations and surveys of foreign aid, both economic and military, around the world.

As we know, all the military reports are top secret and not one of them should be. I have read them all and I do not know of a single line in a single one of them that the American taxpayers is not entitled to know. I do not propose to let the Pentagon Building decide for me what should be disclosed to the American people in a democracy. That is the responsibility of the Congress.

Some of the economic aid reports of the Comptroller General's office are still not made available to the people, and there is not a sentence in a single one of them that should not be.

We on the Committee on Foreign Relations have discussed this matter with the AID people in the State Department. We have not had any firm commitments, but I think the transcript of the record is clear that at least the administration was going to make more of them available than in the past, but their pace is that of a turtle.

I was not there the other day but I understand when the new Director of AID was before the committee on his confirmation hearing, there was some discussion of this matter with him. I have read, however, the newspaper accounts. I could not see that Mr. Gaud sounded any different than Mr. Bell be-

fore him in regard to this matter because Mr. Bell was going to look into it and the newspapers report that Mr. Gaud is going to look into it, too.

I wish to repeat to the American people that if they knew what was in those reports the senior Senator from Oregon would not have as much difficulty as he does in the Senate getting amendments adopted to the foreign aid bill.

If the American people knew the shocking waste the Comptroller General found, if the American people knew the gross inefficiency with which the Comptroller General found in investigation after investigation, if the American people knew the relationship between our foreign aid program and the cause of corruption in many of the underdeveloped countries of the world that get our foreign aid, I would not have so much trouble getting amendments to the foreign aid bill.

(At this point Mr. INOUYE took the chair as Presiding Officer.)

Mr. MORSE. In praise of Congress, let me say that last year some amendments to the bill were adopted by the Senate. The principal one was the Fulbright and the Morse amendment for a 2-year authorization, which would have brought foreign aid to an end at the beginning of fiscal year 1967, and have it start all over again on the basis of new regulations, procedures, and policies to be developed as a result of a special congressional committee contained in the program the Senator from Arkansas and I offered last year, which would make not a spot check investigation of foreign aid but would spend the 2 years up until the beginning of fiscal year 1967 conducting a study of foreign aid. The committee would then prepare a foreign aid program to be limited to some 50 countries, instead of the 93 which were receiving foreign aid and which, as has been pointed out so many times, in many instances we have rammed that foreign aid down the so-called diplomatic gullets of a good many of the small countries of the world which would not have asked for it if we had not forced it upon them.

One of the major reasons why we received the votes we did, in my judgment, was that I brought to my desk in the Chamber last year—as I shall do again this year—all of the Comptroller General's reports. I piled them up in front of me and brought along a ruler—as I shall do again this year—and I measured the pile of documents for the sight of the Senate.

Each year the pile gets higher, and the reports get more damaging.

The titles I read at that time were illuminating. I had only to read the titles to have a Senator's curiosity whetted, because the titles used descriptive language which left no room for doubt that I was right in the general portrayal of the secrecy or limited investigation, in describing the nature of the report.

During the next few days after that, many Senators said they read them in the Foreign Relations Committee room. They were appalled. They did not realize the situation was that bad, and they wanted me to know they were going to support my amendment.

I should like to repeat that if Senators will go down to the Foreign Relations Committee room this year and read any of the reports they have not read heretofore, prior to this year, and read the new reports, they will understand why the pending foreign aid bill in its present form should be defeated.

Mr. President, do you think that the administration likes those reports from the Comptroller General? They certainly do not.

The Comptroller General of the United States is an agent of Congress, not the President. I think that we should change it so that the executive branch cannot put the stamp of "confidential" or "secret" upon a report from the Comptroller General.

Those reports are not made for the President, they are not made for the Secretary of State, they are not made for the Secretary of Defense; they are made for Congress.

This afternoon, let me say most respectfully that, in my judgment, Congress owes it to one of the most dedicated public officers I know—the Comptroller General of the United States—to read his reports on foreign aid. This man has been trying to protect the interests of the American taxpayers in administration after administration which has wasted hundreds and hundreds of millions of dollars of the taxpayers' money, as they have poured military and economic aid money down one rathole after another all around the world. And they call it aid.

Mr. President, I want to point out that I think we owe it to the American taxpayers to stop some of the waste, the inefficiency, and the corruption which is flowing from our foreign aid program.

FOREIGN AID AND FOREIGN INTERVENTION

These objections are bad enough, but the objection that concerns me most this year more than any other heretofore, due to the announcements of the Johnson administration in the field of foreign policy, is that we are going to live to see a direct relationship between pouring into any underdeveloped area of the world billions of dollars of American taxpayers' money into foreign aid, with subsequent direct military intervention in order to protect the expenditure of that aid.

The Senator from Arkansas [Mr. FULBRIGHT] has put it a little differently in some of his public criticisms, although in presiding at the public hearings on South Vietnam, the Senator made statements—I do not quote him—but he presented points of view with which I found myself in complete agreement, expressing his concern over the possibility of a dangerous relationship between economic aid leading to military intervention.

To me, it will be perfectly clear when history of South Vietnam is written and America's inexcusable and unjustifiable participation in what started out to be a civil war in South Vietnam can be separated from the fact, that we proceeded to give President Diem millions and millions of dollars worth of economic aid, soon followed with military aid, and then fol-

lowed with military support to the extent that we now have some 300,000 American boys in South Vietnam engaged in an ever-expanding and an ever-escalating war with very little support elsewhere in the world. Particularly no support, except lipservice, from a few Prime Ministers like Harold Wilson of Great Britain.

The last statistics I heard in the Foreign Relations Committee about British manpower participation in South Vietnam was that they had seven—seven—I do not misspeak myself—seven from the British military in South Vietnam, but provision was made that they would not be in the combat areas. Counsel has advised me that, in my behalf, the committee has checked with the Vietnamese desk in the State Department. They state that the only British military authorities, troops or otherwise, in Vietnam are attached to their own embassy in the capacity of military embassy personnel.

Mr. Marcy states that there are only five or six there in that capacity. The reason is that the British were cochairmen with the Russians at the Geneva Conference and so are maintaining an air of scrupulous noninvolvement.

The Prime Minister of Great Britain did not impress me very much with his lipservice concerning alleged support of the American policy in South Vietnam.

No British boys are dying in South Vietnam. It is easy for the British Prime Minister to make these statements from 10 Downing Street about approval of American foreign policy in South Vietnam. But, Mr. Prime Minister, may I say from the floor of the Senate today:

"You do not impress me at all. You would impress me, as far as there being any weight to your statement, if you were in there—if you think it is the place for the United States to be—with your own troops, and let them do some of the dying, although I do not think you could justify it any more than the President of the United States, in my opinion, can justify the killing of American boys in South Vietnam.

"Let me say also, Mr. Prime Minister, that you would impress me a lot more if you were carrying the fight to the United Nations, representing a country that was one of the charter members at San Francisco, and doing what you could to have the United Nations carry out its treaty obligations to enforce the peace. Until you start reconciling your lipservice with your actions, Mr. Prime Minister, you will not make much of a favorable impression on the senior Senator from Oregon or on many others in the United States, whose criticism is mounting in regard to this so-called noncombatant activity of the British, while their Prime Minister says he approves of the course of action we are taking in Vietnam."

I have found nothing in any of the statements of the Prime Minister of Great Britain that gives me any enthusiasm for his alleged world statesmanship.

I make the point that if we continue this course of action, we shall continue to be isolated, because, after all, heads of other governments have a public opinion they have to deal with, and I find more

and more people in other parts of the world are better informed as to what is going on in southeast Asia than are the American people, because their press prints more of the facts.

Mr. President, one cannot understand the objections to this bill that I am about to enumerate unless he understands my deep fear that if we continue the American policy of economic aid, we shall extend American policy of military intervention.

I think the American people should make perfectly clear to this administration that we should not be set up as the military policeman of the world. That is a multilateral responsibility. If other nations of the world do want to join in a program that is worked out on a multilateral basis, then the United States should stop its policy of military intervention; and economic aid, in my judgment, is an inducement to eventual military intervention.

That is why I think a great many restrictions should be adopted in the debate that will take place in the next several days as amended after amendment is offered, seeking to restrict the executive branch of the Government from following a course of action which, in my opinion, if we do not stop it, will endanger the peace of the world.

If we want to support freedom in Latin America, we should not be rushing in to recognize military juntas in the Argentine, as we did over the weekend, without any guarantee of a return to constitutional government. All that course of action on the part of the President of the United States did was to encourage potential military juntas elsewhere in Latin America.

That is why I said to the press, when then asked me what I thought about the recognition of the military dictatorship in the Argentine, "Once again, as has so often been true, the United States walked out on freedom in Latin America when the chips were down."

A sorry and a sad mistake was made when the dictatorship of the Argentine was recognized. Of course, we expect the stereotyped alibi of the State Department that a good many other countries recognized it, too.

So what? I certainly do not think American foreign policy should be cut to fit the pattern of a wrong foreign policy adopted by some other country. No; we should have recognized a government in the Argentine when constitutionalism was returned.

The Congress cannot escape the full responsibility for the direction, the effectiveness, and the cost of the economic assistance. This is not foreign policy of the kind that the Constitution vests in the Executive.

As I said, if it were, no legislation would be involved.

Aside from partisans of aid who view it as an obligation owed the poor by the rich, there are partisans throughout the United States who view it as furnishing the United States a foothold for intervention. These partisans argue that aid is simply a tool of foreign policy which gives us the means to deal with situations which may occur in a foreign country.

This is a cynical exploitation of foreign people for alleged security interests of the United States. Worse, it will delay rather than advance the time when the people of these countries will have the home-grown institutions and conditions that will enable them to resist the lures or pressures of communism.

The only realistic test of sound economic aid is results. The major way to test results is to measure them against what was planned or anticipated when an aid program was begun. Where the results fail to measure up, Congress must write corrective measures into the program, for the American people will not support permanently a multibillion-dollar program that does not produce what is advertised for it.

This year, public confidence in foreign aid is sagging lower than ever. Results from many years of the program are coming in at a time of crisis in American foreign policy, and the public does not like what it sees. Public confidence will further deteriorate if Congress continues to relax its already lax guidance of the program.

IMPROVEMENTS IN COMMITTEE BILL

The committee has made some improvements in this year's bill. Fixing the number of countries in each category is the only way to assure that our financial efforts will be concentrated on countries where they have the best prospects for achievement.

But no loophole should have been left for supporting assistance to additional countries, for this is the worst rathole in the whole program. Moreover, the development lending, and technical assistance country limits are exclusive of Alliance for Progress countries. American foreign policy officials are so accustomed to offering money as an integral part of diplomatic relations with poor countries that \$2 million for Guyana was announced before it had been independent a week and before a U.S. Ambassador had been confirmed. This assumption that establishing diplomatic relations or recognizing a government means adding that country to the U.S. dole is not one that will be abandoned readily by any administration. It can only be abandoned by strong congressional action.

Retaining annual review at the authorizing stage as well as the appropriation stage is the only way to notify recipients that the American people want performance and not promises as a condition of aid.

This represented one of the points I made earlier in my speech this afternoon, in my colloquy with the Senator from Arkansas [Mr. FULBRIGHT], with respect to the position he took on the bill this year, because he, too, came to the conclusion that we need an annual review of our foreign aid program and ascertain what the facts are to the simple question, "What have been the results? What are the weaknesses and shortcomings?" in order to see to it that Congress takes advantage of carrying out its duty and its checking power in connection with the new authorization bill.

Restoration of the \$100 million limit on new programs or projects that may be

undertaken without specific authorization by Congress will enable Congress to consider new directions or major new obligations of the aid program.

SHORTCOMINGS OF BILL

The bill's chief shortcoming is its failure to reduce the amounts in each category. Expansion of other channels of lending, the demands of the war, the threat to the balance of payments, and the lack of performance by many recipients, to say nothing about the great cutback in the Great Society program, justify marked reductions in all aid categories in the bill.

I shall give the Senate an opportunity to vote on reductions amendment by amendment, category by category, before we complete the debate on this legislation.

As reported, the bill also fails to put limits on economic aid to nations using our substance as a foundation for military establishments beyond their needs, and adventures aimed at non-Communist neighboring countries.

I shall read at this point the final paragraphs from my dissenting views on the military aid program—which I shall discuss fully when that bill is before the Senate. This excerpt fits into the point I have just made:

The benign American attitude toward Latin American military establishments has just helped deprive Argentina of a constitutional government. The pattern whereby the United States extended both economic and military aid to juntas in the Dominican Republic, Guatemala, Honduras, Ecuador, and El Salvador helped bring about the Castelo Branco coup in Brazil. And when we rushed to approve and to stake the Castelo Branco junta with vast new sums of aid, we encouraged the Argentine military establishment to take over its Government.

Argentine generals are quoted as believing that U.S. support of the Brazilian military junta meant that formal U.S. opposition to a coup in Argentina was "just window dressing." They are right. It is just window dressing. We have been proving by our actions for 3 years that we have little interest in constitutionalism. Whatever our military missions in Latin America are teaching the Latins, it is encouraging and not discouraging their coups against constitutionalism.

The whole rationale that our military aid tends to teach civilians control of the military, and to interest them in civic action, has been totally refuted by events. It was bad enough when these coups occurred in the small nations of central America. Now they have engulfed Brazil and Argentina. They are fed by our military aid, and they are destroying the objectives of the Alliance for Progress in country after country.

That is why I said earlier in the day, in the absence of my friend the Senator from New York, that while I shall support the main objective of his amendment when it is offered, I shall seek to strike out the provision that gives the President the right to support, with military aid, a junta, if he, the President, decides it is in the national interest. I happen to believe that is a checking obligation of Congress. I feel that if the President, after we prohibit military aid to a junta, feels, in any particular situation that may develop, there is some need for him to give special consideration, let him come up or send up a message and prove his case. But I do not intend to

vote to give to a President of the United States the right to give aid to any military junta in the light of what he considers to be our national interest. I believe we must have a check, and not grant this blanket authority, for it destroys much of the real import and soundness of the rest of the amendment. Therefore I shall offer a substitute, in due course of time, if the Senator's amendment is presented in the form I read it to the Senate.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from New York.

Mr. JAVITS. I am glad to know the Senator's intentions. That knowledge is extremely helpful to me.

I shall offer the amendment in the form printed. I say to the Senator that rather long experience here leads me to believe this is the only kind of amendment likely to succeed, and I believe that success is imperative in this matter, so that we will be able at least to show, in whatever way is open to us, our disapproval of military takeovers, and our solidarity with those who oppose them.

I fully respect the Senator's view. With his customary graciousness to me, he has outlined a course of procedure which is entirely satisfactory to me, and which will put to the test, under the parliamentary situation, first any amendment or substitute to my amendment which he may propose, and then leave us the residual of my amendment for action.

Mr. MORSE. I thank the Senator. We certainly are not far apart in our ultimate objective of seeking to stop alining ourselves with juntas.

ECONOMIC AID OUTSIDE VIETNAM RISING

Mr. President, the separate provision of funds for southeast Asia and the Asian Bank have raised total economic assistance well above last year's level. In fact, if any Senator thinks the economic aid bill this year is less than last year, I assure him he is dead wrong. If Senators think the foreign assistance program proposed by the Johnson administration this year is less than last year, they are dead wrong. And I refer to aid exclusive of South Vietnam.

But, Mr. President, Senators would not be incorrect if they recognized that what is happening is that our domestic programs, important to large segments of our population, are being cut by this administration. As I said in the education hearing the other day, when the representatives of the American Council on Education were testifying, I did not intend to support a budget that would cause the schoolchildren of America to pay large sums for the cost of the war in Vietnam, by denying to them the authorizations and the appropriations necessary to meet the educational crisis in this country.

As I also said at that hearing, I repeat today, I do not propose to deny to the Negroes of America the funds to which they are entitled in order to properly carry out the Civil Rights Act, and thus have them pay for the cost of the war in South Vietnam. And as I further said in the hearing, I repeat today, that I do not propose to have the poverty-stricken people in this country pay for

the war in South Vietnam, by denying to them the funds that are needed to carry out the Poverty Act, and to expand it.

Likewise, Mr. President, I do not propose to have the people of this country who are entitled, under the Great Society program promises, to the development of our natural resources, to the elimination of pollution, to the giving of attention to the falling water table in many parts of the country, pay for the war in Vietnam by denying to them the funds needed domestically.

We are in much greater need of a domestic aid program than we are of a foreign aid program. Before the President of the United States talks about a foreign aid program, with the increases that he has in the bill this year in various forms, I wish to hear more from him in support of adequate funds for a domestic aid program which is so sorely needed.

But I am asked, "What are you going to say, Mr. Senator, about who should pay for that war?"

My position, Mr. President, is perfectly clear. We should pay for that war with a tax program based upon ability to pay, with special consideration to those who are making their profits out of blood money.

Let us pay for the war with a tax program, not by denying money sorely needed by the schoolchildren of the country, the poverty stricken people of the country, the Negroes of the country, and the people of the country who are entitled to have various essential domestic needs met.

I offered in the Foreign Relations Committee an amendment—and I shall offer it here on the floor—which in effect sought to cut down on foreign aid in the amount of the aid that we send into Vietnam. Mr. President, I think the other nations of the world, who have been the recipients of hundreds of millions of dollars of our largess, should be told that it cannot continue, with an undeclared war raging in Asia.

I believe, for example, that Russia and Great Britain, who are the cochairmen of the Geneva Conference, should be told that we cannot continue to spend the largess of our country elsewhere in the world while these billions have to go into Asia, when they have a treaty responsibility, in my judgment, to take the steps necessary at least to endeavor to reconvene the Geneva Conference.

I think the Security Council of the United Nations and the members of the General Assembly of the United Nations should have notice served on them that we cannot continue to make available to those members that are the recipients of our largess the millions of dollars they are now receiving while we spend these huge sums of money on the war in South Vietnam.

Oh, it can be answered that we ought to stop spending the money there and followed a different course of action. No one would welcome that more than would the senior Senator from Oregon. However, I am also realistic enough to know that is not going to happen, at least in the immediate future. In fact, I do not think it is going to happen until the other nations of the world that have treaty obligations to enforce, when there

is a threat to the peace of the world, start living up to their treaty obligations, and that goes for every member of the United Nations.

The major point I am making here is that in my judgment we cannot justify the cuts that are being made in essentially needed domestic programs while, at the same time, our administration fails to move ahead with its obligation of putting this country on a war footing. A war footing means taxation. A war footing means inflation control. A war footing means a wartime procedure through legislation for the handling of disputes between management and labor. A war footing means that the administration must take the necessary steps to raise the money to pay for the war and to protect the greatest defense weapon we have; namely, our economy.

We cannot protect our economy by sitting back with a wait-and-see attitude. We already know that the economy is in trouble. We already know that Congress—in my judgment—cannot justify adjourning, whether it is recommended by the President or not, without passing some legislation aimed at protecting the value of the American dollar, for its value day by day is becoming more and more in danger.

Mr. President, there is no place in the Federal Government where the American citizen can go to get a reliable dollar figure on the total cost of the United States for any annual foreign activities. But the economic bill before the Senate, in the amount of \$2.46 billion, is but a small portion of this Government's outlay for our economic aid purposes—or which have that effect.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a tabulation entitled, "Funds Available or Requested for the Fiscal Year 1967."

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection?

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

<i>Funds available or requested for fiscal year 1967 (in billions)</i>	
Agency for International Development	\$2.460
Food for peace	1.600
Anticipated supplemental for southeast Asia	.500
Asian Bank	.120
Inter-American Bank	.25
International Development Association	.104
Total	5.034

Mr. MORSE. Mr. President, the total of \$5,034 million still does not include such economic expenditures as the Peace Corps, the World Bank subscriptions sold to private investors, the United Nations Development Agencies, or the Federal Reserve and Export Bank contingency support of the British pound sterling. Nor does it include any military aid or expenditures abroad by 800,000 American servicemen and their families.

I will ask next year that the administration present the Senate with a bill of particulars and include in it the total amount of assistance of every kind in which we spend American dollars for

what amounts to some form of foreign assistance.

I believe that the annual foreign drain on the budget of the United States, exclusive of the war in Vietnam, is in the magnitude of \$10 billion a year. That is a far outcry from the \$2.46 billion set forth in the pending bill.

It is an educated guess. Let the administration prove that the figure is too high or too low, and they have the figures and the personnel with which to do the job.

One of my reservations about increased aid through multilateral agencies is that it generally is only added on to bilateral programs. We should be subtracting the funds for the Inter-American Bank, the anticipated new request for the IDA window at the World Bank from the Alliance for Progress and the Development Loan Fund respectively. If it worked that way, I would be a much more enthusiastic advocate of the use of multilateral channels.

EFFECT OF AID ON BALANCE OF PAYMENTS

Mr. President, I opposed the bill in committee also because of its effect on our balance-of-payments problem. As the costs of the Vietnamese war accentuates the problem with our deficient international financial accounts, the Congress must examine more closely than ever the extent to which the aid program contributes to that problem.

Here is one of the key areas where we cannot afford a business-as-usual attitude toward foreign aid. That sector of American business which enjoys AID contracts to send its goods abroad at taxpayer expense has largely dominated the foreign aid debate within the business community.

But American business which exports for sale is making a stronger case each year against the effects of assistance which mean loss of cash business.

The International Economic Policy Association sets forth evidence on this point that Congress can continue to ignore only at real peril. The association's spokesman, N. R. Danielian, pointed out

to the committee that voluntary restraint in overseas investment by U.S. business helped bring our deficit in 1965 down to \$1.3 billion, compared with \$2.8 billion in 1964.

But outlays for the Vietnam war, plus increased imports resulting from a high level of economic activity for which the war is also partly responsible, have worsened the outlook.

Despite assertions that AID lending is tied to American industry, the flight of foreign cash business away from the United States through substitution is alarming. Geographically, it is most acute in Latin America, and it is most acute financially where "program lending" is used.

Latin America, the Near East, and south Asian countries received 90 percent of program loans in fiscal 1964 and 1965. In 1965, 58 percent of U.S. aid in these areas took the form of program loans.

During the years 1958-64, our economic assistance exceeded our trade deficit by amounts running between \$1.1 and \$1.5 billion a year. Increased efforts to tie our assistance has not changed this picture.

Mr. Danielian stated the case in a nutshell when he said:

Since we put a line of credit at their disposal against which they can charge anything they buy in this country, except some questionable items like luxury goods, they shift their cash purchases to purchases with aid money, and they use the resulting savings of their own foreign exchange to buy in other countries. * * *

I think the first important point to realize is that development loans should be used for development purposes, and development is the creation of industrial capacity for production. This can only be accomplished by projects, whether they are powerplants, shoe factories, food processing plants, and so on, and if this is the purpose of the aid program, then let us put our money into these kinds of projects, incremental projects, that add to the capacity of the country to increase its production.

Mr. President, I could not agree more than I do with Mr. Danielian. This is the project approach that the senior

Senator from Oregon has argued for in the Senate for the past several years in connection with foreign aid. That is why I frequently refer to myself as a project-to-project man, rather than a government-to-government man.

We should see to it that our AID dollars are invested in specific projects that will help the people living within the economic environment of those projects, in relationship to their standards of living. Our AID dollars should reflect improvement upon the standard of living of the people in the country, rather than the AID dollars being used on a government-to-government basis, which results in many instances, as Mr. Danielian pointed out in his testimony, of giving them a line of credit to draw upon for those goods that they buy in this country, and then enabling them to use the considerable benefits of our AID program—the so-called cash benefits, as he calls them—to buy goods from other countries.

So, what is happening is that we are hoping to subsidize various underdeveloped countries with the money that is used to the competitive disadvantage of American business. I do not know how shortsighted we can be. I do not know how we can exceed that for shortsightedness.

I point out again what Mr. Danielian has said:

Since we put a line of credit at their disposal, against which they can charge anything they buy in this country, except some questionable items like luxury goods, they shift their cash purchases to purchases with aid money, and they use the resulting savings of their own foreign exchange to buy in other countries.

Mr. President, I ask unanimous consent to have printed in the RECORD at this time table 3 from Mr. Danielian's testimony to the Committee on Foreign Relations, entitled "U.S. Nonmilitary Foreign Assistance Net and Trade Balances by Countries, 1958-64."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—U.S. nonmilitary foreign assistance (net) and trade balances by countries, 1958-64

[Millions of dollars]

Countries	1958		1959		1960		1961		1962		1963		1964	
	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance	Economic aid	U.S. trade balance
Afghanistan.....	19	-4	19	-10	13	-10	30	6	13	-8	32	-3	37	6
Bolivia.....	22	17	22	14	13	14	23	16	29	20	44	18	33	17
Brazil.....	145	-33	35	-216	42	-147	270	-68	157	-117	138	-186	212	-148
Cambodia.....	37	-2	21	-7	25		24	9	20	5	20	2	7	-1
Ceylon.....	20	-5	10	-12	8	-25	9	-17	8	-19	4	-21	4	-27
Chile.....	47	-7	33	-76	10		121	43	87	-24	109	-32	96	-33
Colombia.....	92	-147	32	-134	7	-54	54	-31	43	-50	69	-9	38	-35
Ecuador.....	3	-9	2	-12	7	-11	11	-4	11	-26	14	-11	17	-4
India.....	243	63	320	129	523	412	370	230	528	411	736	509	864	651
Indonesia.....	24	-112	17	-123	45	-132	54	-29	88	-15	77	-7	32	-102
Jordan.....	57	10	60	16	62	17	61	24	53	20	54	37	45	20
Korea.....	311	213	232	131	261	148	228	155	233	204	231	211	157	169
Laos.....	30	2	35	3	33	1	51	2	30	4	31	6	39	7
Liberia.....	3	14	9	59	8	-4	19	17	35	20	11	4	12	-13
Malaysia.....	(¹)	-85	(¹)	-150	1	-138	2	-126	12	-155	6	-150	2	-82
Morocco.....	26	33	45	29	61	29	97	55	48	42	53	49	38	31
Nepal.....	6	(²)	3	(²)	8	(²)	10	(²)	9	(²)	14	(²)	17	(²)
Pakistan.....	145	81	142	65	229	131	218	158	322	243	378	341	377	336
Philippines.....	42	18	24	-36	24	-10	11	17	24	-59	8	-34	49	-27
Poland.....	99	75	66	43	127	111	57	34	60	48	46	66	52	84
Thailand.....	30	-4	48	-28	42	11	29	25	31	32	29	57	18	53
Tunisia.....	26	4	30	7	55	21	77	38	53	44	38	25	45	31
Turkey.....	122	72	111	44	101	66	153	69	202	106	173	154	126	96
Vietnam.....	204	57	168	46	186	48	144	62	148	101	189	114	221	131
Yemen.....		(²)	5	(²)	5	(²)	6	(²)	6	(²)	8	(²)	6	(²)
Total.....	1,758	251	1,498	-218	1,882	478	2,129	685	2,250	827	2,512	1,140	2,544	1,160

Footnotes continued on following page.

¹ Less than \$500,000.² Not statistically significant.³ Not available.

Sources: International Monetary Fund, Direction of Trade, annual 1958-62, pp. 128-

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the next table, also from Mr. Daniellian's statement, table 4, "U.S. Share of Latin American Imports, 1955 to 1964; Latin American

Exports to the United States, 1956 to 1964."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—U.S. share of Latin American imports, 1956-64; Latin American exports to the United States, 1956-64

(Millions of dollars)

Year	Imports of Latin America			Latin American exports to the United States—f.o.b. ²	U.S. net aid to Latin America ³	IDB ⁴
	Total ¹	From the United States ¹	Percent U.S. share			
1956	7,226	3,480	48.2	3,182	212	-----
1957	8,419	4,356	51.7	3,287	320	-----
1958	7,690	3,518	45.8	3,061	639	-----
1959	7,220	3,228	44.7	3,126	397	-----
1960	7,690	3,479	45.2	3,170	271	-----
1961	7,950	3,510	44.2	3,178	834	7
1962	8,040	3,457	43.0	3,387	656	59
1963	7,860	3,380	43.0	3,451	630	141
1964 ⁵	8,400	3,789	44.1	3,524	6489	198

¹ Excludes Cuba; CIF basis.² Overseas Business Reports (63-101), April 1963, table 9; Overseas Business Reports (65-35), June 1965, table 2.³ Actual disbursements; does not include aid from international institutions.⁴ Actual disbursements; approximately \$320,000,000 were U.S. dollar disbursements.⁵ Preliminary.⁶ U.S. Government aid commitments to Latin America in 1964 were \$1,400,000,000.

Source: U.S. Department of Commerce, IDB Information Office, International Monetary Fund, International Financial Statistics, October 1959, p. 25, October 1965, p. 35; Direction of Trade Annual 1958-62, pp. 85-87; Annual 1960-64, p. 93.

CASE STUDIES OF FOREIGN AID FAILURES

Mr. MORSE. The failures of program lending in a major test country, Chile, will be dealt with before I finish this speech. I wish to discuss case study failures of foreign aid—the Dominican Republic, Vietnam, Nepal, and Chile.

The administration has not been able to show that economic assistance as presently administered is either an effective instrument of foreign policy or a significant stimulus to economic development in recipient countries.

THE DOMINICAN REPUBLIC

The Dominican Republic is a particularly tragic evidence of the political and economic inadequacy of foreign aid as an instrument to promote political stability and economic development. It has a population of only 3½ million. Starting with the election of Juan Bosch in 1962, we poured money into the country in profuse quantities:

Bosch government	\$86.6
Reid-Cabral junta	61.6
U.S. occupation	128.7

Total (includes food for peace) 276.9

It will be seen that well before the civil war and foreign intervention we had extended some \$42 in aid per capita. Funds planned through 1967 will bring the figure to \$100, and that does not include the cost to the United States of support of United States and Latin American forces that have been in the Dominican Republic since a year ago last April.

What are the results? On June 13, 1966, Newsweek magazine summed up economic life in the country as follows:

The hate-wracked Republic which Balaguer inherits is plagued with almost every

infirmity of the underdeveloped world. Probably one-third of its labor force is jobless, a third of its children never enter school and many of its people are undernourished, diseased, and illiterate. The population is growing at a breakneck 3.5 percent a year while the economy is stagnant, the budget solidly in the red, and only the monthly \$6 million handout from the United States carries the overpaid Government payroll. "This country is asleep in dead center," a U.S. official said last week, "and it'll be a major project to wake it up."

In 1961, when our aid began, the gross national product of the Dominican Republic was about \$788 million. It has dropped about 15 percent despite these massive infusions of U.S. aid.

It will be argued that the Dominican Republic is a special case. If so, it is special testimony to the strangling effect of excessive American financial intervention.

On a per capita basis the Dominican Republic is relatively well off, with a gross national product in 1964 of about \$225 per capita. There is dozens of nations, where we have assistance programs, which are much poorer in an economic sense and potentially less stable in a political sense. The American people need to beware because the present philosophy of AID is that each of these countries is of vital concern to the United States and we, as guardian of economics and policeman of politics, must send our advice, our bounty, and our military assistance "on demand" and sometimes even without it.

VIETNAM

Vietnam is a classic case of how far the United States can become enmeshed by policies based on aid and limitless commitments of men, money, and advice.

The Secretary of State has told the

Committee on Foreign Relations on at least two occasions—and he has also so remarked in public—that there is a direct relationship between our aid programs to Vietnam and our involvement there. From time to time the Secretary of State has sought by other means to justify the "war" in Vietnam, but the essence of his position was set forth to the committee in August of 1964 when he asserted that the President has authority under the aid programs and on his own responsibility to involve the Nation in war in Vietnam.

During hearings on the Vietnam supplemental bill this year, the Secretary referred again to the action of the Congress in providing "bilateral assistance" and "annual aid appropriations" as authority for our involvement in Vietnam. Finally, in February of this year, the Secretary of State in Las Vegas, Nev., said we were committed to assist South Vietnam, among other things, "by the aid approved by bipartisan majorities in Congress over a period of 12 years."

What did our economic aid develop for Vietnam?

In 11 years from 1953 through 1963, the United States provided \$1,885,400,000 of economic assistance—including food for peace—to a nation of 15 million people, mostly farmers. This was an average of about \$170 million a year up to the collapse of the Diem government and the upswing in the civil war. We had made Diem our agent and supplied him with ample funds, but such lavish and only served to hasten his departure. At Honolulu in 1966, there were announced development plans for South Vietnam that only bore out the failure of all previous aid to develop the country.

For 1966 and 1967, an additional \$1 billion is programmed for Vietnam, excluding food for peace, military assistance, civilian construction, and other direct costs of the war. Thus the grand total of economic assistance alone to Vietnam over a period of 14 years will total at least \$3,375 million—about \$225 for every man, woman, and child. This is enough in family terms to have built every family a house—at the low cost there—furnish it, and have enough left over to get a good start on a school construction program.

The above figures do not include military assistance which over the same period of time is nearly as great in magnitude.

In 14 years the total amount of assistance, both military and economic, which we have given Vietnam is over \$5 billion—one-third of the total cost of the Marshall plan.

CONGRESSIONAL FINDINGS ON VIETNAM ECONOMIC AID

Members would be well advised to read with care the maiden speech of our new colleague from Michigan, Mr. GRIFFIN, who reported on June 23 on some aspects of the aid program which he observed in Vietnam. For example, Mr. GRIFFIN says:

In my judgment, based on my recent visit to Vietnam, the weakest link in U.S. activities is, inexcusably, the economic one. A

result of serious mismanagement and ineffective controls . . . they have made the rich richer and the poor poorer; and they have indirectly routed American supplies into the hands of the Communist Vietcong. . . .

Representative JOHN E. MOSS, recently back from Vietnam, was reported in the New York Times of May 18, 1966, as demanding that AID completely overhaul its \$400 million commodity program for South Vietnam. He stated that this program, instead of combating inflationary pressures, was actually "feeding inflation."

Members of the Senate interested in the problems of dealing with a corrupt government in Vietnam should examine the report of a distinguished former administrator of the point 4 program, Mr. Stanley Andrews. His report appears on page 590 of the committee hearings and is critical in many respects of the rural aid program.

NEPAL

A small case study has been done in Nepal and the results published in "Foreign Aid and Politics in Nepal—A Case Study," by Eugene B. Mihaly. The author was until recently with AID's policy planning staff and is now with the Peace Corps. He reports:

In Nepal, aid, despite its successes in some areas, actually reduced the prospect for growth by its impact on the political scene.

We assumed that Nepal was merely poor and that, therefore, there was no fundamental barrier to the introduction of Western techniques. . . . Yet the more [our aid projects] demanded of Nepal, the less they accomplished.

This stinging indictment is directed at an aid program which in about 10 years has put a total of \$90 million—including food for peace—into a nation of 10 million people. And the result, in the words of Mr. Mihaly:

In Nepal, aid, despite its success in some areas, actually reduced the prospect for growth by its impact on the political scene.

CHILE

An intensive study of aid to Chile prepared by Senator GRUENING for the Subcommittee on Foreign Aid Expenditures of the Government Operations Committee should be read by every Senator before he votes on this bill.

Per capita, assistance to Chile is the highest in Latin America. It is a testing ground for program loans and with its small population of 8.5 million, its stable and democratic government, Chile seemed to be the one place where foreign assistance could bring meaningful results.

U.S. economic assistance to Chile from 1961 through 1965 has totaled nearly \$700 million, and was presumably in conformity with a 10-year economic plan laid out in March of 1962.

Yet Senator GRUENING finds:

The economy has been virtually stagnant for a decade—its rate of growth in recent years has averaged about 3 percent a year, only inching ahead of the annual 2.5 percent population growth.

Inflation has been endemic. During the decade 1950–60, the cost of living rose by an annual average of 36 percent. In 1960 and 1961, under an austerity program, inflation was held to 5 and 10 percent respectively. But as inflationary pressures were felt again,

living costs rose 28 percent in 1962, 45 percent in 1963 and 38.4 percent in 1964.

In recent years Chile's monetary and fiscal position has been bleak. The balance of trade has been unfavorable, with imports exceeding exports by some \$95 million in 1963 and \$93 million in 1964. At the same time, the Chilean Government is responsible for many social and economic services which contribute to recurring budget deficits (the budget deficit reached 452.4 million escudos at the end of 1964, or about \$165 million). Meanwhile, the Chilean Government has been forced to rely more heavily upon foreign borrowing. In recent years foreign credit has financed as much as 40 percent of official investment. As a result, Chile faces increasingly serious difficulties in servicing its medium- and long-term foreign debt (currently amounting to \$1.4 billion) with payments of interest and amortization imposing a heavy burden on the balance of payments. International reserves of the monetary system dipped to a minus \$263.7 million on December 31, 1964.

He finds that Chilean firms produce at high cost for a limited market. In agriculture, the largest source of employment, the feudal system has turned Chile, once an exporter of foodstuffs, into a heavy importer of agricultural commodities and a dependent upon food for peace.

Sixty-five percent of agricultural income goes to 8 percent of the landowners. The rural laborers and their families who comprise a third of the nation's population remain at the bottom of the economic ladder:

It is estimated that only 6 percent of the rural population has access to safe water service. Housing for almost half the rural population is primitive. Sewage facilities are practically nonexistent. Despite Chile's educational achievements relative to other underdeveloped countries, one-third of the rural population 15 years and over has received no schooling whatsoever, while another third has completed 1 to 3 years of primary education—hence, two-thirds are functional illiterates.

A large segment of Chilean landlords have demonstrated little concern for their tenant farmers and laborers or for increasing the productivity of their lands. With plenty of cheap labor available, large landholders earn comfortable livings from extensive farming. Significantly, agriculture in recent years, although accounting for only about 10 percent of gross national product, has received about 35 percent of the private credit outstanding. Most of the credit has gone to a small group of producers, and much of this has been diverted to relatively nonproductive or to nonagricultural uses. Studies of the expenditure patterns of large landowners reveal that they spend almost 80 percent of their sizable incomes for personal consumption.

Although Chile in the past has had a relatively highly developed education system, it has fallen tragically far behind modern needs:

It has become increasingly clear that the school system, organized in the 19th century, has failed to adapt to the country's real needs. Emphasis has traditionally been upon academic training and the liberal professions, with the result that few people have vocational skills. The dropout rate is high: of every 100 students who enter primary schools, only 33 complete the sixth year of the curriculum.

These are not the conditions of 1960 the Alliance for Progress was designed to correct: these are the conditions that

prevail in a primary recipient of development money from the United States, 5 years after massive aid has been underway.

The Gruening report demolishes much of the case the administration tries to make for nonproject, or program, lending:

Program lending, initiated in 1963, and now the overwhelming component of the U.S. program in Chile, is a highly dubious device for linking assistance to performance.

A \$35 million program loan was made in 1963 and a \$55 million loan in 1964.

Following the 1964 election of President Frei we expected the genuine reforms, and an \$80 million program loan was signed early in 1965.

Senator GRUENING finds the results not much different than before. Moreover:

Chile's investment budget remains largely a random shopping list of unevaluated, unrelated projects submitted by various agencies and ministries. . . . Program lending erodes Chile's incentive to undertake the necessary steps to formulate its investment program on a rational basis. So long as dollars are available through the program loan route, the Chilean Government feels no urgency to build an institutional capability for projectizing its bids for foreign financing. . . . Another serious and related consequence of program lending has been the undermining of the proposed consortium of international lending agencies and governments to be organized under the auspices of the World Bank. Chile much prefers receiving external assistance not tied to specific projects, a situation which the consortium was designed to end. Furthermore, dealing with AID within an international group promised to be a good deal tougher than negotiating bilaterally where considerations other than economic can be raised. Meanwhile, continuation of U.S. program loans made it unnecessary for Chile to prepare projects suitable for international financing. The result: no projects, no consortium. In effect, the program loans helped to scuttle the international consortium, the instrument by which the United States intended to get out of the business of supplying assistance unrelated to specific projects.

These objections to the nature and results of aid to Chile are in no way a reflection upon Chileans. Nor do I intend to criticize by implication any other recipient of American aid. It is our money, and we are entirely responsible for its use or misuse.

ECONOMIC AND MILITARY AID ARE INDIVISIBLE

Now I come to the subject of economic aid and military assistance, and I shall discuss them under the same subject, as they are inseparable.

One of the tragedies of the American economic aid program is the degree to which a direct relationship has developed between economic assistance and military expenditures of recipient countries. It argues convincingly against separating economic and military aid in the legislative process.

That is one of the issues that will be before us in the days immediately ahead, for I shall attempt in the Senate, as I did in committee—but failed there—to stop this trend toward the separation of economic and military assistance.

This administration has failed in the past in attempting to separate military aid from economic aid and in assigning

it to the Committee on Armed Services. I warn the Senate that that is what the Pentagon Building is after. In my judgment, they will not be satisfied unless they succeed in accomplishing that objective. They do not want the subject of military aid before the Committee on Foreign Relations. They know that the Committee on Foreign Relations knows that military aid cannot be separated from American foreign policy.

The Pentagon Building certainly would like to acquire jurisdiction over military aid. Well, they have failed in the past. There was a great deal of talk of attempting it again this year, as they have attempted it in the past, but this year they are following a new gimmick. Apparently, they approach this a step at a time.

This year, Mr. President, the administration did recommend that military aid be turned over to the Committee on Armed Services. This year, the administration recommended that economic aid be considered in one bill and that military aid be considered in another bill, and that we authorize them separately. That is why this afternoon we do not have a combined economic aid and military aid bill, as we always have had in the past.

(At this point Mr. ERVIN assumed the chair as the Presiding Officer.)

Mr. MORSE. This afternoon, Mr. President, we have only the economic aid bill. In my judgment, it is even a mistake to consider them in debate separately because they are so interrelated and so intertwined that they should be considered together.

I want the RECORD to show a warning that I issue today. In my judgment, if they get by with it, next year we will not have a military aid bill before the Committee on Foreign Relations. We will have it before the Armed Services Committee. All we will have next year is an economic aid bill before the Committee on Foreign Relations.

But, Mr. President, military aid is inseparable from American foreign policy. I think it would be against the best interests of the American people if this administration is ever allowed to get by with what I am satisfied is at the present time a covert design. Whenever they think they can get military aid assigned to the Armed Services Committee they will attempt it, as they have in the past, and in the past they have failed.

Procedurally I am opposed to the separation of the two bills, economic aid and military aid. We cannot discuss economic aid without giving some thought to military aid, and that is why in this part of my speech I am taking up what I think is the relationship between economic aid and military aid.

I want the Senate to know, Mr. President, what I think the Pentagon Building is up to. We stopped them in the Committee on Foreign Relations on another little gimmick that they had all greased for passage. The Secretary of Defense, Mr. McNamara, is not very happy about the reports of the Comptroller General. I discussed the reports of the Comptroller General in broad outline earlier this afternoon.

The Comptroller General in report after report over the years has found shocking example after shocking example of inexcusable waste, mishandling of funds by the recipient countries to which we have given military aid, the selling of equipment they did not need; and not only that but in some instances the relationship between military aid and corruption within the governments of recipient countries. Of course, as I pointed out, I think there is no doubt about the fact that there is a direct relationship between American military aid and the building up of military juntas around the world. When you build up a military junta you are in the field of foreign policy because it is only a matter of time in many instances before that junta will overthrow the constitutional government.

(At this point, Mr. BURDICK assumed the chair.)

Mr. MORSE. How did the Secretary of Defense try to get around the Comptroller General? The record is clear. He set up, so the Committee on Foreign Relations found, an inspection unit of his own, with more auditors, with more investigators, and with more inspectors than in the entire Comptroller General's office for surveillance over the American Government in its entirety.

Then, what did the Secretary of Defense propose? Without any fanfare, only added in the administration bill, they would do away with any inspection by the Comptroller General. McNamara knows that he does not dare to leave the Comptroller General a free hand in the inspection of American military aid because McNamara knows that the Comptroller General will continue to investigate fearlessly and impartially and disclose facts in the reports as he finds them.

The sad thing is that McNamara is protected by the fact that those reports have to be marked "Top Secret." But as the Comptroller General has testified before our committee time and time again, that is not by his request. The Comptroller General has not asked to have any of the reports marked "Top Secret."

Mr. President, I discovered that Defense Department gimmick in the bill and I made a fight against it in committee. The committee refused to go along with the administration proposal to have the Defense Establishment exempted from Comptroller General inspections and investigations.

But this should be taken as warning to be on guard next year for a further attempt on the part of the administration to get military aid under the jurisdiction of the Armed Services Committee of the Senate. That would be a great mistake for the reason I have stated: The direct relationship between military aid and foreign policy.

Economic aid, as I said, often supports the creation of military machines in countries which cannot support them. The administration and the Congress have not come to grips with this problem.

The classic case involves the assistance

which the United States has given to India and Pakistan, and also our aid to Greece and Turkey. But let us take a little longer look at India and Pakistan. When the United States agreed to arm Pakistan on the theory that it would be a bulwark against possible Communist aggression, India complained. The Indians were worried that U.S.-supplied arms would enable Pakistan to use force some day against India, rather than against a Communist onslaught as the United States feared. India, therefore, used its own budgetary resources to purchase and manufacture arms with which to meet potential threats not only from China, but from Pakistan.

But with India putting funds into armaments, there was little left over for food and other necessary imports.

The present Presiding Officer, the Senator from North Dakota [Mr. BURDICK] knows whereof I speak on this point, for with his own eyes, as a member of my delegation last fall, as we went to India, he saw some of the clear implications of the argument that the Senator from Oregon is now making.

Mr. President, there is no question as to what India and Pakistan have been doing in military spending. They should be spending their money for food. They should be spending their money for worthwhile projects. They should be doing something about their agriculture. In addition to what aid they receive for nothing, the military aid they can spend for military purposes, but then they count on the United States subsequently coming to their assistance with food.

I shall vote to come to their assistance when starvation stalks their land, but I am not going to vote to come to their assistance in the field of food when, in those instances in which they can spend their own money, they can obtain the food instead of using the money for tanks, aircraft, or bullets.

But with India putting funds into armaments, there was little left over for food and other necessary imports. So the United States provided economic aid in the amount of \$5.8 billion from 1949 until 1965, thus freeing Indian funds for armament.

Those in India and Pakistan who suffered from this arrangement were the people—the little people—the ones who needed food and fertilizer. Then, of course, there were the soldiers who served in the armies which finally clashed last August in battles which pitted American-supplied Patton tanks manned by Pakistanis, against British Centurion tanks purchased from the British and manned by Indians.

Much the same thing is happening in the Middle East. We supply arms directly by grant to Jordan and sell them to Israel and Saudi Arabia. Meanwhile, Egypt's economic base for a Soviet-supplied military establishment is strengthened by our munificent extension of food. Our policymakers believe they are balancing these forces against each other. What they are doing is building a house of matchsticks. When it collapses, the United States will once again be encouraged to believe that military in-

tervention by the United States is the only thing that can save the situation.

That is why I find myself in agreement—and I have said so in committee and elsewhere—with the chairman of the Foreign Relations Committee as he warns the American people of the danger that military and economic aid can lead to American military intervention. I think we have to exercise more checks against the President, the Secretary of State, and the Secretary of Defense if we are going to protect the American people from that danger.

WHAT DO WE OWE TO DEVELOPING COUNTRIES?

Grants and loans for development purposes, as contrasted with reconstruction, began about 15 years ago. Enough time has elapsed to arrive at some firm judgments about the value and effectiveness such programs can have in undeveloped countries.

The first conclusion must surely be that local interest, determination, and leadership are the essential ingredients for development and not American capital. Our loans and grants can supplement but can never replace those ingredients.

Our 15-year experience surely demolishes the worst fallacy about foreign aid. This fallacy holds that wealthy, industrial countries owe some obligation to contribute a fixed percentage of their national wealth to the poor nations. Yet the advocates of this theory would be horrified to see it applied within the United States. It would mean taxing the rich States in order to give money to the poor States just because they are poor, without providing extensive guidelines on how it is to be used, intensive supervision to see that the purposes of the program are carried out, and prompt suspension of assistance when specifications of the national purpose are not carried out.

The first and foremost obligation to the undeveloped countries lies with the people of the undeveloped countries, and their governments. It is the obligation to use outside financial help as effectively as possible. Too much American money is simply foisted on them for purposes and projects in which they have no interest and which they merely tolerate because the United States wants them to have it.

Proponents of the "we owe you a fixed percentage of our gross national product" theory give little attention to the real needs of poor nations. The one thing the people of these nations do not need is American subsidization of their old, semifeudal ways of doing things. Such subsidizing is not sound policy for the United States, either, for it induces us to throw more and more resources—even military forces—behind an unpopular and precarious government in the effort to justify our initial bad judgment.

Secondly, in our zeal to push funds into many of these countries we have found it much easier to push products and commodities than to promote or finance the development of natural and human resources. Much of this development probably calls for grants rather than loans. But it is being dangerously neglected by both borrowers and lenders.

Education in too many poor countries remains the mark of the privileged. In some, sending sons abroad for degrees from America or Britain is a sine qua non of the upper classes. Too much of our AID education assistance simply accommodates them in this neglect of their total national human resources. Despite the overcrowding of American campuses with American students, we continue to jam foreign students into them instead of concentrating on building education centers in their home countries.

We are also neglecting in our aid programs the basic education that we would call elementary and secondary. Figures for the Alliance for Progress, which is the most purely development program of any we have, show a distressing lack of emphasis on education.

Mr. President, I ask unanimous consent to have printed in the RECORD two tables, one entitled "Alliance for Progress Breakdown of Total Fiscal Year 1966 Technical Cooperation Funds," and the other "Breakdown of Total Fiscal Year 1966 Development Loan Program Funds."

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Alliance for Progress breakdown of total fiscal year 1966 technical cooperation funds

	Amount (thousands)	Percent
Basic education.....	\$8,471	10.8
Technical training in industry and agriculture.....	6,012	7.7
Natural resources development-land reform.....	14,369	5.6
Other.....	59,148	75.9
Total.....	278,000	100.0

¹ Natural resources development including land reform as shown above is restricted to natural resource surveys, forest management, land settlement, agrarian reform, and related activities. Excluded are overall agricultural productivity programs such as agricultural extension, crop research and development, cooperatives development, rural community development, agricultural marketing, agricultural diversification, etc. If the category of natural resources development is expanded to include all food and agricultural activities, including technical training in agriculture, the total TC funds would be 13,629 and the percentage would be 17.4.

² Total of \$78,000,000 excludes \$10,000,000 for Alliance for Progress share of nonregional costs.

Breakdown of total fiscal year 1966 development loan program funds

	Amount (millions)	Per- cent
Basic education.....	\$3.2	(¹)
Technical training in industry and agriculture.....		
Natural resources development-land reform.....	211.4	22
Commodity imports (nonproject).....	305.0	62
Other.....	73.5	15
Total.....	493.1	100

¹ Less than 1 percent.

² Includes loans for supervised agricultural credit; livestock, agricultural, and mining banks; access roads; fertilizer imports; and related activities.

³ Local currency counterpart also programed in many cases for education, agriculture, and other natural resources development.

Mr. MORSE. Mr. President, the use to which proceeds of nonproject, or program, loans are put are not included in the above table. But the breakdown of the proceeds from program loans to Chile shows that about 9 percent of the 1963 loan went for education, about 5 percent of the 1964 loan, and about 16 percent of the 1965 loan. This is a meager allotment relative to need.

Although Chile has a high literacy rate relative to other South American countries, 40 percent of its total population is under 15 years of age. Literacy rates in many of these countries experiencing a population explosion will not even be maintained, much less reduced, unless faster progress is made to expand teaching facilities.

Education is perhaps the most important key to the development of poor nations. It cannot be forced on them; it cannot be financed by the United States on our say-so and without their enthusiastic cooperation.

Unless recipients move much faster and further in this field, they will never achieve sufficient productive capacity of their own to sustain growth or repay our loans.

CONCLUSION

We will not have a useful and effective aid program of the kind that seeks to build stable and autonomous governments until we learn that a massive American presence is not the key to this process. It can be a great hindrance. The Wall Street Journal of June 10, 1966, reports from Tokyo the high returns that Japan is enjoying from its modest aid efforts:

Compared to exportable great societies, massive U.S. overseas spending and America's awesome foreign military commitments, Japan's modest approach to international affairs may seem, to some Americans, almost amusing. Yet Asian recipients of even small Japanese offerings, tied as they are to goods made in Japan, are nonetheless grateful. In fact, some appear more appreciative of small Japanese help than they are of infinitely more lavish U.S. gifts.

And if Japan isn't hailed as Asia's new political precursor, she at least isn't damned, as is the United States so often, for meddling in others' internal affairs or supporting unpopular regimes.

General Ne Win, of Burma, a country which needs capital and technical assistance, took the initiative a few years ago to throw us out. Recently he was quoted—New York Times, June 20, 1966—as saying:

Unless we Burmans can learn to run our own country we will lose it. Of course there are hardships. But we must put our own house in order.

He referred to some of his southeast Asian neighbors staggering under loads of money from the United States. The general said:

This kind of aid does not help. It cripples. It paralyzes. The recipients never learn to do for themselves. They rely more and more on foreign experts and foreign money. In the end they lose control of their country.

Very well put. The Burmese are poor but not much worse off than Indonesians, Thai, Laotians, Indians, Pakistanis, and Vietnamese, all of whom have been deluged with U.S. aid.

George Kennan stated the case very well before the House Foreign Affairs Subcommittee on the Far East when he said:

I do feel very strongly that the only people really worth helping in this world are the people who say: We propose to survive whether you help us or not, but it will be a little easier for us if you help. The ones who come along and say to us: "If you don't help us, we are going to go Communist, and then

where would you be?" I think by definition are beyond helping.

Mr. President, I quite agree with the statement of Mr. Kennan. In fact, to the international blackmail argument—to which the U.S. Government has yielded time and time again—when various countries say, "If you do not help us we will turn to Russia," or, "If you do not supply us with military equipment, we will buy it from Russia," my answer to this is, "Go ahead and do it. You will be paying a price in something more than money."

But, Mr. President, I think that we have performed a disservice to many of those countries by yielding to their blackmail. I do not think that this has furthered the cause of peace by providing them with military assistance. In some instances, that goes for economic assistance, too, where they use some of it in order to build up unnecessary military purchases.

But there is another side to the aid coin. Not only do we alienate the people we are trying to help, but we alienate those we are not trying to help. The latter are likely to view us as meddlesome neighbors anxious to tell others how to act and what to do. There is a further effect on the United States when it assumes responsibilities everywhere.

This point was made a few days ago by Dr. Henry Kissinger, of Harvard University, when he testified on June 27 before the Committee on Foreign Relations. Although he was referring specifically to the American attitude toward Europe, his comment is equally applicable to our posture toward Asia and toward recipient aid countries generally. He said in part:

Some critics of American policy argue that the attempt to play a role simultaneously in every part of the globe is beyond our physical resources. It seems to me clearly beyond our psychological resources. If we insist on assuming the principal responsibility for every square mile of territory at every moment of time, we will tear ourselves to pieces inwardly. The continent closest to us culturally, with similar political traditions and substantial economic resources should—for our sake as well as its own—assume a greater responsibility for its policy and defense. It is neither in our interest nor that of Europe that Europe become the Greece to our Rome—a political backwater, interesting culturally but unable to play an active role. This would not be healthy for us because hegemony is demoralizing in the long run.

Painful as it may be to admit, we could benefit from a counterweight to discipline our occasional impetuosity and to supply historical perspective to our penchant for abstract and "final" solutions.

I have made this extensive report to buttress what seem to me to be two fundamental points: first, that aid as such does not necessarily advance our foreign policy interests but as presently conceived may actually damage our interests abroad; and second, that even when we pour in economic aid, it too often does not bring economic results—to use the words of the Senator from Michigan [Mr. GRIFFIN], "it often makes the rich richer and the poor poorer."

Furthermore, it often creates an unhealthy dependency upon the United States at the very time when recipient

countries should begin to make way on their own. Sooner or later the spoon-fed baby will knock the spoon out of his mother's hand; and that is what is going to happen to the United States if we continue present policies.

I would not begrudge the expenditure of 1 cent of these sums were I convinced that the American people were getting their money's worth. But they are not. Much of our aid—military as well as economic—is creating abroad societies which will be ever resentful of the United States. Their resentment will be focused on military forces we have created which stifle change and often promote military domination. Their resentment will be focused on our unilateral interference, financial or military, in their internal affairs, when there were international institutions available. Their resentment will well up from their desire to be independent and to do things for themselves—or at least not under the benign thumb of the United States.

I shall from time to time offer amendments seeking to modify the bill reported by the Senate committee.

I ask unanimous consent that I may submit this afternoon six amendments. I ask unanimous consent that the amendments be printed in the RECORD.

The PRESIDING OFFICER. The amendments will be received, printed, and will lie on the table; and, without objection, the amendments will be printed in the RECORD.

The amendments, submitted by Mr. MORSE, are as follows:

AMENDMENT No. 666

Strike out all after the enacting clause and substitute the following:

"That whenever the President determines that—

"(1) for at least two consecutive calendar quarters, the balance of payments has been favorable to the United States, and

"(2) the annual rate of military and economic expenditures from all United States sources for the defense of South Vietnam has been reduced to a rate not exceeding 1 per centum of the gross national product of the United States,

he shall transmit to the Congress a report containing his recommendations for continuing or reinstituting such foreign assistance programs as he may deem appropriate.

"SEC. 2. Section 637(a) of the Foreign Assistance Act of 1961, as amended, is amended to read as follows:

"SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1967 and subsequent fiscal years such amounts as may be necessary for administering programs under part I which are carried out with funds authorized during the fiscal year 1966 or any prior fiscal year."

AMENDMENT No. 667

On page 10, after line 21, add the following:

"(c) Add the following new section:

"SEC. 254. Restriction on Assistance to Latin America.—None of the funds authorized by this Act shall be used to provide assistance to any country in Latin America in any fiscal year if the total estimated expenditures of such country for defense purposes for such year are expected to exceed an amount equal to 3.5 per centum of the estimated gross national product as determined by the President of such country for such year."

AMENDMENT No. 668

On page 6, before the period in line 18 insert a comma and the following: "and by striking out '\$210,000,000' and substituting '\$200,000,000'."

AMENDMENT No. 669

On page 10, line 15, strike out "\$543,000,000" and substitute "\$510,000,000".

On page 10, lines 16 and 17, strike out "\$87,700,000" and substitute "\$75,000,000".

AMENDMENT No. 670

On page 14, line 23, strike out "\$700,000,000" and substitute "\$650,000,000".

AMENDMENT No. 671

On page 4, line 5, strike out "\$620,000,000" and substitute "\$570,000,000".

Mr. MORSE. Also, I do not think the chairman of the committee [Mr. FULBRIGHT] was on the floor when I made the announcement earlier that I shall speak on this matter from time to time in the days immediately ahead, and that I shall agree to no unanimous-consent agreement of any kind whatsoever to limit debate or fix a time for debate. I shall again this year, as I have in the past several years, insist that the foreign aid bill be handled under the rules of the Senate, without any unanimous-consent agreements relative to amendments or debate.

Mr. HARRIS. Mr. President, the foreign aid bill now before the Senate should be amended to prohibit aid to countries which continue trading with North Vietnam, as proposed in the pending amendment.

The No. 1 objective of U.S. foreign policy should be that of bringing the war in Vietnam to a satisfactory conclusion, and the foreign aid program must be coordinated with this goal.

To put it bluntly, we should not be helping people who are helping our enemies.

The State Department has made "real headway" in getting nations receiving U.S. foreign aid to stop trading with Communist North Vietnam.

Last year 10 countries receiving U.S. assistance had ships in North Vietnamese ports, but in the first quarter of 1966 there were only three.

But, I believe we should write a prohibition into law, stopping all assistance to such nations, thus clearly showing the intent of Congress.

The countries receiving U.S. assistance which had ships in North Vietnamese ports during the first quarter of 1966 were Cyprus, Greece, and Italy.

Cyprus is receiving economic aid and food supplies through voluntary agencies, while both Greece and Italy receive U.S. food surpluses and Greece gets military assistance.

Foreign aid nations which traded with Communist North Vietnam last year but have not had ships in Vietnamese ports in 1966 include Japan, Lebanon, Norway, Liberia, Panama, France, and Malta.

I have had prepared a sheet which sets forth this information, and I ask unanimous consent that it be inserted in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Free world flagships in North Vietnamese ports

Country	1965	1st quarter, 1966
United Kingdom.....	136	29
Japan.....	37	
Greece.....	28	4
Lebanon.....	9	
Norway.....	29	
Italy.....	1	1
Netherlands.....	1	
Liberia.....	1	
Panama.....	1	
Cyprus.....	3	2
France.....	2	
Malta.....	2	
Total.....	256	36

Which of these received U.S. aid?

Country	Economic aid	Public Law 480 (food)	Military assistance
United Kingdom.....	No.....	No.....	No.
Japan.....	No.....	No.....	Training.
Greece.....	No.....	Yes ¹	Yes.
Lebanon.....	No.....	Yes.....	Training.
Norway.....	No.....	No.....	Yes.
Italy.....	No.....	Yes ¹	No.
Netherlands.....	No.....	No.....	No.
Liberia.....	Yes.....	Yes.....	Yes.
Panama.....	Yes.....	Yes ¹	Yes.
Cyprus.....	Yes.....	Yes ¹	No.
France.....	No.....	Yes ¹	No.
Malta.....	No.....	Yes ¹	No.

¹ Through voluntary agencies only.

NOTE.—Concerning shipping during the current year, only the United Kingdom, which receives no assistance is continuing to ship in significant amounts. The only country receiving economic assistance which had ships in North Vietnamese ports was Cyprus (2).

Mr. HARRIS. Mr. President, I support the pending amendment. I hope it can be accepted by the committee chairman and agreed to by the Senate.

It conforms to an amendment adopted to this bill in the other body. It follows a similar amendment adopted in the Senate committee, I am informed, to the military assistance bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 3093. An act to amend the acts of March 3, 1931, and October 9, 1962, relating to the furnishing of books and other materials to the blind so as to authorize the furnishing of such books and other materials to other handicapped persons; and

S. 3150. An act to make further provision for the retirement of the Comptroller General.

THE VIEW FROM EUROPE—ARTICLE BY SENATOR CHURCH OF IDAHO

Mr. CLARK. Mr. President, I ask unanimous consent that an article entitled "The View From Europe," by our colleague Senator FRANK CHURCH, of Idaho, may be printed in full in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Leader, June 20, 1966]

THE VIEW FROM EUROPE

(By FRANK CHURCH)

NOTE.—FRANK CHURCH, Democratic Senator from Idaho, recently visited Europe to ascertain opinion there toward the U.S. This article is adapted from his report to the Senate Foreign Relations Committee.

WASHINGTON.—In the eyes of most Western Europeans, the postwar period has ended. Western Europe has fully regained its vitality, with living standards far above prewar levels. The threat of a Soviet armed attack appears to be subsiding, making the prospect of a new war there increasingly unlikely. Consequently, Western Europeans long for a thaw in the cold war. They sense that now may be an opportune time for a gradual relaxation of tensions between the two halves of Europe—a necessary precondition for an eventual settlement which could bring an end to the present partition.

Although reasonably satisfied with the present and sanguine about the future, there is still a feeling of uneasiness when our allies in Europe look either to the East or to the West. In the East, Western Europeans see a less militant Soviet Union and its neighbor Communist countries evolving some more rapidly than others, in the direction of a more independent relationship with Russia. At the same time, Western Europeans see no evidence of any present disposition on the part of the Soviets to release their hold on East Germany to permit a reunification that would end the uneasy, potentially explosive, military confrontation in the heart of the Continent. Thus, while a Soviet military thrust into Western Europe is regarded as highly improbable, it is not dismissed as impossible. And there appears to be virtually unanimous recognition among Western Europeans that, should war threaten again, their protection still rests on American nuclear power.

Looking westward, many Europeans suspect that the United States is unattuned to the changing sentiment in Europe—that we remain wedded to concepts which reflect the old status quo. In particular, Europeans would welcome our placing less emphasis upon NATO's role as a fort and more upon its use as a forum for reaching agreement on Western initiatives directed toward the normalization of relations with Eastern Europe and the Soviet Union.

As for closer ties with the United States, Europeans are apprehensive about being smothered in our embrace. They are uneasy about the magnetic attraction of a voracious American economy. As cause for alarm, they point to the "brain drain," the disparity between research and development funds in the United States and Europe, and the widening American technological superiority in such growth industries as electronics, aircraft and space. Against these American advantages, even the Common Market is a meager and insufficient answer. "We shall be reduced," a renowned economist lamented to me, "to the same subordination to the United States as ancient Greece bore toward Imperial Rome. Unless the trend can somehow be reversed, we are destined to become a continent of hotel keepers, store clerks, salesmen, and tourist guides."

On the one hand, therefore, there is much evidence in Western Europe today of a satisfaction derived from recovery, of a pride associated with the present prosperity, of a desire for the reassertion of European prerogatives, of a wish for reconciliation with the East and, above all, of a general belief that the danger of war in Europe is diminishing. But, on the other hand, a feeling of vulnerability remains. Europeans have yet devised

no substitute for the American nuclear shield—and they do not see any in the offing. As a consequence, they regard the continued deployment of U.S. troops in Europe as vital to the credibility of the American nuclear deterrent. Opinions vary, however, as to the number of troops we need to keep in the Federal Republic of Germany.

In attempting to cope with these somewhat ambivalent sentiments, the interests of American policy would seem to call for less dogmatism, less insistence on American solutions which meet with strong European resistance, and a certain relaxation of pressure—an approach which could be best described by that idiom of the American West, "riding a little looser in the saddle."

For if we are regarded as the sentinel of the status quo in Europe, then President de Gaulle of France is looked upon as its challenger. To the degree that he has plumbed the European desire to reach eastward—and to the extent that he has appealed to the dignity, pride, and independent spirit of Europeans, he is not isolated either in France or in Europe. His defiance of what is sometimes described as the American hegemony over Western Europe has engendered admiration, as well as apprehension. In this sense, it seems likely that much of what is called Gaullism will outlive de Gaulle. Moreover, his goal of *rapprochement* with Eastern Europe and the Soviet Union, together with his hopes for overcoming the present partition of Europe, represent objectives to which all of Western Europe and the United States can and do subscribe.

But while there is widespread support for these stated objectives, there is anguish over the separatist course de Gaulle has chosen for pursuing them. Outside France, and to some extent even within it, de Gaulle's preemptory treatment of the alliance in general, and of the United States in particular, is deeply resented. There is misgiving that, even though he has declared his intention to remain in the Western alliance, de Gaulle's withdrawal of France from NATO's integrated command will stiffen, rather than lessen, Soviet intransigence. There is also considerable skepticism that France, lacking the needed size and strength in the great power equation, can possibly act as a catalyst in engaging the Soviet Union in meaningful negotiations on European security questions.

Nevertheless, there seems to be a certain grudging awe of de Gaulle among many, although certainly not all, Europeans—an inkling that he may be in tune with the trend of the times and that we are not. As one perceptive political observer remarked to me: "France has the objective but not the means, while the United States has the means but not the objective."

One final observation about our relations with France: I left Paris with the impression that a diplomatic glacier now separates France and the United States. Communication between the two governments appears to have dangerously broken down. If a useful dialogue is to commence again, humility must somehow prevail over pride. Overtures will have to come, so it would seem, from the highest levels.

An early overture might deal with the alliance. I found abundant sentiment in Western Europe that reform of NATO is overdue. In the first place, there is pronounced support for "Europeanizing" the alliance, for giving a larger role to the European countries. Secondly, there is a strong desire to see the North Atlantic Council used for the forging of united Western initiatives toward Eastern Europe and the Soviet Union.

Central to both objectives is the question of how the members of the alliance should

share in NATO's nuclear defense system. There appears to be little enthusiasm for a "hardware solution" to this problem, outside of a certain circle of officials in Bonn, and, I gather, in Washington. Indeed, I was told repeatedly that the United States had been ill-advised in pushing the MLF proposal so aggressively. Far from demanding nuclear weapons for themselves, the German people were said to be either disinterested or opposed. Moreover, the conflict is apparent between striving for greater German access to nuclear weapons, on the one hand, and seeking the reunification of Germany on the other. Finally, candor requires the admission that an antipathy toward Germany still pervades Europe. More than once, from among the most highly placed, I was told: "If West Germany ever acquires nuclear weapons, there will never be a solution to the German problem."

At the same time, I found little resistance expressed against giving West Germany a direct voice in nuclear defense planning and strategy. For these reasons, among all the countries concerned, a consultative solution to the nuclear sharing problem, along the lines of the McNamara committee, appears to have by far the widest measure of popular and official support and to afford the most promising compromise on the problem of German desires for nuclear weapons.

Germany lies in the middle of Europe, not only geographically but economically and politically as well. Germany is also the frontier in Europe today, for the line which divides it at the same time separates Communist from non-Communist Europe. Thus, so long as Europe lies broken between two hostile camps, Germany, it would seem, will also stay divided.

Western Europeans seem to have reached a consensus that the solution to the German problem will come only after an "improvement in the general climate of confidence" is realized; that a process of reconciliation between Western and Eastern Europe is a necessary precondition to any possible reunification of Germany; in sum, that reunification will follow detente and not vice versa. Even the West Germans themselves appear not to dispute this sequence.

Additionally, it seems to be accepted that a final resolution of the German problem will have to result from negotiations in which the United States and the Soviet Union will be the principal parties. A new all-European security arrangement, guaranteed by the two great nuclear powers, will be required. Given present rigidities on both sides, any speculation as to the specific form of such an arrangement, or what Germany's status within it might be, is obviously premature.

In light of these considerations, many West Germans now seem to be thinking more about what practical action can be taken to improve the lot of their East German brothers. There seems to be growing sentiment for doing everything possible to broaden contact and communication across the Wall so that East and West Germans will continue to think of themselves as one people. Support for such small steps, however, appear to be stronger within the opposition in West Germany than within the governing coalition. Bonn is skeptical as to what these small steps can accomplish and remains adamantly opposed to recognizing the Oder-Neisse line or modifying the Hallstein Doctrine, preferring to retain such concessions for future bargaining in connection with a final settlement.

At the other frontier of Europe, the British appear to have decided tentatively to enter the Common Market when the time is right, but this decision, like the West German decision to make overtures to the East, betrays definite elements of equivocation. Certainly, there is no evidence disposition to move until it is certain that there will not be an-

other French veto. The debate continues on collateral questions: the need first to strengthen sterling by overcoming Britain's adverse balance of payments, the resistance to the supranational character of the Common Market, the uneasiness about the Common Market's agricultural policies, the concern that Britain's close ties with the United States might be attenuated, and the feeling that Common Market membership will inhibit Britain's role in the world at large. Still, there is an underlying realization, both in Britain and on the Continent, that admission of the United Kingdom (which would also entail the entry, either as members or associates, of most of the other European Free Trade Association countries) would have highly desirable consequences: it would furnish a healthy counterbalance to West German's economic weight, the Common Market itself would be strengthened and enlarged, and the cause of European unity would be advanced.

Looking into the future, it is likely, then, that Britain and some, if not all, of her Free Trade Area partners, will enter the Common Market within the next five years. However, the chances for immediate entry, specifically within the next year or so, appear slim.

Meanwhile, at Geneva, negotiations proceed which may ultimately affect all the other European issues. But there are grave misgivings that if the 18 Nation Disarmament Conference produces no tangible results by this fall, after three years' running, further negotiations there may be broken off, with the United Nations assigning disarmament problems to a much less satisfactory forum. Most of the countries represented at Geneva seem to feel that such a setback would imperil whatever chance there may be for agreement on two treaties of far-reaching importance: a nonproliferation agreement, and a comprehensive test-ban treaty.

The impasse blocking agreement on a nonproliferation treaty results from Soviet unwillingness to accept the so-called European clause in the American draft which would allow for the creation, sometime in the future, of a European nuclear force, to which West Germany could belong. I found little evidence that Europeans either want such a force or think it now feasible to create one. This has given rise to some suspicion in Geneva that we are not really serious about consummating a nonproliferation agreement at this time; otherwise, some contend, we would not be mortgaging present prospects for the sake of a highly problematical development which, at best, lies way off in an uncertain future.

The practical effect of a nonproliferation Treaty is open to legitimate question. It is possible that the key non-nuclear states, wishing to retain the option of developing nuclear weapons, will refuse to sign. As of now, France and China are not likely to adhere. Moreover, it can be argued that none of the nuclear states intends to help non-nuclear states develop these lethal weapons anyhow. But Europeans see the importance of a nonproliferation agreement as less military than political. They believe that such a treaty could contribute significantly toward improving the climate of confidence in which detente can grow. For all who perceived the positive psychological effect in the United States of the limited Nuclear Test Ban Treaty, the question of political consequences is a very important one; no other single event has done more to ease Soviet-American tensions than this first-step agreement.

As for a comprehensive test-ban treaty, it seemed obvious to me that Europeans are not sufficiently aware of the political problems that would arise in the United States if the Senate were asked to ratify a comprehensive test-ban treaty which did not include the right to on-site inspection. Consequently, our reluctance to drop our insistence on inspection—that is, our refusal, as

they see it, to accept a small risk for large political gains—is considered, in some quarters, to be an indication of the dominance of military influence over U.S. policy. This is all the more regrettable because, to many at Geneva, a comprehensive test-ban agreement is considered to be the most effective nonproliferation measure, for nations are apparently unable, at present, to develop nuclear weapons without testing them.

The United States retains considerable latitude for action and influence. On the basis of my own observations, I would recommend the following:

1. In the conduct of our relations with France, our manner should be firm but correct. We must avoid over-reacting to French initiatives, even though we may regard them as undesirable. In no case should we disparage the greatness of France, our oldest ally or engage in any sort of political guerrilla war against the French government; such tactics should be reserved for our enemies. Above all, we should resist the temptation of interjecting our voice into the internal politics of France. Any American appeal directed over, under, or around the French President would surely backfire.

2. It is crucial that effective communication be restored between the French and American governments. If a summit meeting between the two Presidents is not now feasible, then consideration should be given to the appointment of a special American emissary, who would endeavor to act between President Johnson and General de Gaulle, as Harry Hopkins acted between President Roosevelt and Winston Churchill. His purpose would be to reopen and develop a dialogue to the point where a summit meeting between the two Presidents would seem likely to bear fruit.

3. If the NATO structure is to be salvaged without France, the old architects must come up with new plans or new architects must be engaged. Clearly, SHAPE should be moved to a new site in the Benelux countries and streamlined, its bulk trimmed back in adjustment to the diminished danger. The European role in SHAPE should be sharply upgraded. Since the headquarters exists for the defense of Europe, I would suggest among the specific steps that should be taken to Europeanize NATO:

- a) Appointing a European general to serve as SACEUR, under a command arrangement which would leave control of our nuclear weapons in the hands of the President of the United States.
- b) Moving the Military Committee of NATO out of the Pentagon and relocating it in Europe in close proximity to SHAPE and the North Atlantic Council.
- c) Establishing a hot line communications system, linking together the heads of the NATO governments, to enable immediate consultation in case of emergency.

4. With regard to European integration, the Common Market appears to be weathering its way to success. This is, by all odds, the most significant achievement in the direction of European unity since the War. The economic cement binding the six members of the Common Market together is the best guarantee against any reversion in Western Europe to the rampant nationalism of the prewar period. Accordingly, in lining up 14-1 against France in the current dispute over the command structure of NATO, we should strive to avoid any rupture between France and her European neighbors so bitter as to propel the French toward neutralism or vengeance. As between vindicating our position in favor of an uncompromised NATO command, and jeopardizing either the underlying Western alliance or the prospects for strengthening and enlarging the Common Market, the course of prudence should be clear.

5. As for Geneva, I recommend that immediate attention be given to pumping life back into these moribund negotiations. A deci-

Government likewise does not follow the Geneva Convention for the handling of war prisoners, as the allegation is that North Vietnam does not or is contemplating not doing.

My point, Mr. President, is that all countries involved in the South Vietnamese war should be bound by the Geneva Convention for the handling of war prisoners. I am satisfied that as far as my Government is concerned, in the handling of any war prisoners over whom we retain jurisdiction, the world need have no doubt that our Government complies with its signature on the Geneva War Prisoner Convention.

But, Mr. President, I think we need to be ready to meet with evidence any allegation that may be made that the South Vietnamese are in violation of the Geneva Convention for the handling of war prisoners, and if there is any evidence that bears out such allegation, and if it is our policy to turn North Vietnamese and Vietcong prisoners that we capture over to the South Vietnamese for handling, then we ought to stop that policy, unless we can give the world assurance that the Geneva Conventions are being complied with. Because article 12, as I read the convention, does not prevent us from turning the prisoners over to others to take care of; but it does make perfectly clear that we have an obligation to make certain that the treaty convention is complied with, if we do take captured prisoners and turn them over to another power.

Thus I repeat the language:

Prisoners of war are in the hands of the enemy Power, but not of the individuals or military units who have captured them. Irrespective of the individual responsibilities that may exist, the Detaining Power is responsible for the treatment given them.

Prisoners of war may only be transferred by the Detaining Power to a Power which is a party to the Convention and after the Detaining Power has satisfied itself of the willingness and ability of such transferee Power to apply the Convention. When prisoners of war are transferred under such circumstances, responsibility for the application of the Convention rests on the Power accepting them while they are in its custody.

Nevertheless, if that Power fails to carry out the provisions of the Convention in any important respect, the Power by whom the prisoners of war were transferred shall, upon being notified by the Protecting Power, take effective measures to correct the situation or shall request the return of the prisoners of war. Such requests must be complied with.

Mr. President, now is the time for our Government to see to it that it places itself in the position to meet any attack that may be made against it on the basis of any transferring of prisoners to the South Vietnamese. I cannot believe, I will not believe, I simply refuse to believe, unless proof is established, that any Vietcong and North Vietnamese prisoners are not being treated in accordance with the requirements of the Geneva Convention on war prisoners, even though they are being turned over by the U.S. Government—if they are being turned over—to the South Vietnamese.

But I wish to make clear again that our Government has the responsibility of keeping itself in a position where at

all times it can assure the world that the Vietcong and the North Vietnamese prisoners are being treated in accordance with the requirements of the Geneva Convention for the handling of war prisoners. It is particularly important that the senior Senator from Oregon and the other liberals in the Senate who signed the statement of last Friday make perfectly clear that our Government owes it to the American people to keep itself in a completely defensible position on the handling of war prisoners, so that if we are deluged with a lot of Communist propaganda emanating out of North Vietnam, Red China, Russia, or any other Communist area of the world, we shall have the facts with which to answer the propaganda.

Mr. President, North Vietnam cannot justify violating the Geneva Convention provisions for the handling of prisoners of war on the basis of any allegation that their prisoners are being mishandled by the South Vietnamese as far as living up to the requirements of the treaty are concerned.

Mr. President, and I do not want this point missed—even if some instances could be shown in which the South Vietnamese have not followed the Geneva Convention in the handling of any prisoners that have been turned over to it by the United States, if any have been turned over to it by the United States, that would not justify the North Vietnamese Government executing these American prisoners, nor would it justify bringing them to trial as war criminals.

Mr. President, on the contrary, these prisoners are entitled to incarceration and humane treatment until at last this war is brought to an end or until, during the war, negotiations which often occur during a war for the exchange of prisoners occur or until neutral bodies come in either as neutral countries or neutral agencies, such as the Red Cross, to take various degrees of jurisdiction over war prisoners.

Mr. President, article 13 of the treaty provides:

Prisoners of war must at all times be humanely treated. Any unlawful act or omission by the Detaining Power causing death or seriously endangering the health of a prisoner of war in its custody is prohibited, and will be regarded as a serious breach of the present Convention. In particular, no prisoner of war may be subjected to physical mutilation or to medical or scientific experiments of any kind which are not justified by the medical, dental or hospital treatment of the prisoner concerned and carried out in his interest.

Likewise, prisoners of war must at all times be protected, particularly against acts of violence or intimidation and against insults and public curiosity.

Measures of reprisal against prisoners of war are prohibited.

Mr. President, article 14 provides:

Prisoners of war are entitled in all circumstances to respect for their persons and their honour.

Women shall be treated with all the regard due to their sex and shall in all cases benefit by treatment as favourable as that granted to men.

Prisoners of war shall retain the full civil capacity which they enjoyed at the time of their capture. The Detaining Power may not

restrict the exercise, either within or without its own territory, of the rights such capacity confers except in so far as the captivity requires.

Mr. President, article 17 contains a section reading:

No physical or mental torture, nor any other form of coercion, may be inflicted on prisoners of war to secure from them information of any kind whatever. Prisoners of war who refuse to answer may not be threatened, insulted, or exposed to unpleasant or disadvantageous treatment of any kind.

Prisoners of war who, owing to their physical or mental condition, are unable to state their identity, shall be handed over to the medical service. The identity of such prisoners shall be established by all possible means, subject to the provisions of the preceding paragraph.

The questioning of prisoners of war shall be carried out in a language which they understand.

Mr. President, article 22 provides:

Prisoners of war may be interned only in premises located on land and affording every guarantee of hygiene and healthfulness. Except in particular cases which are justified by the interest of the prisoners themselves, they shall not be interned in penitentiaries.

Prisoners of war interned in unhealthy areas, or where the climate is injurious for them, shall be removed as soon as possible to a more favourable climate.

The Detaining Power shall assemble prisoners of war in camps or camp compounds according to their nationality, language and customs, provided that such prisoners shall not be separated from prisoners of war belonging to the armed forces with which they were serving at the time of their capture, except with their consent.

Mr. President, article 23 provides:

Article 23

No prisoner of war may at any time be sent to, or detained in areas where he may be exposed to the fire of the combat zone, nor may his presence be used to render certain points or areas immune from military operations.

Prisoners of war shall have shelters against air bombardment and other hazards of war, to the same extent as the local civilian population. With the exception of those engaged in the protection of their quarters against the aforesaid hazards, they may enter such shelters as soon as possible after the giving of the alarm. Any other protective measure taken in favour of the population shall also apply to them.

Detaining Powers shall give the Powers concerned, through the intermediary of the Protecting Powers, all useful information regarding the geographical location of prisoner of war camps.

Whenever military considerations permit, prisoner of war camps shall be indicated in the day-time by the letters PW or PG, placed so as to be clearly visible from the air. The Powers concerned may, however, agree upon any other system of marking. Only prisoner of war camps shall be marked as such.

Mr. President, I comment on that article because some of the press stories—and I am sure they are so-called speculative stories—indicate that there are some who fear that what the North Vietnamese Government might do is place these American war prisoners in areas where they think American bombs might drop and, with that sort of cruel design, cause them to be killed by our own bombs.

Mr. President, no one deplores more than does the senior Senator from Oregon the fact that we are bombing in North Vietnam. I have suggested time and time again and repeat this afternoon that I think my President should issue an order immediately to stop the bombing. I do not think there is any hope of ever getting to a peace table by escalating the war.

Mr. President, that does not have anything to do with the cruel, horrendous, abnormal course of action of, in effect, chaining our war prisoners in combat zones so that they will be killed by the attacking country, or so that they, being placed in a position in which they can be killed by the fire of an attacking country, can be used as hostages to prevent the country from carrying out combat operations.

The treaty specifically prohibits it. The treaty specifically took into account this possibility and article 23, which I have commented on and have had printed in the RECORD, prohibits it.

Mr. President, article 26 provides:

The basic daily food rations shall be sufficient in quantity, quality and variety to keep prisoners of war in good health and to prevent loss of weight or the development of nutritional deficiencies. Account shall also be taken of the habitual diet of the prisoners.

The Detaining Power shall supply prisoners of war who work with such additional rations as are necessary for the labour on which they are employed.

Sufficient drinking water shall be supplied to prisoners of war. The use of tobacco shall be permitted.

Prisoners of war shall, as far as possible, be associated with the preparation of their meals; they may be employed for that purpose in the kitchens. Furthermore, they shall be given the means of preparing, themselves, the additional food in their possession.

Adequate premises shall be provided for messing.

Collective disciplinary measures affecting food are prohibited.

Mr. President, there is no doubt about the fact that the treaty sets forth the bill of particulars, the rules of conduct, and the obligations of the country that has under its custody captured war prisoners. There is no language in the convention, in my judgment, that would justify any plan on the part of North Vietnam to try these American prisoners that have been captured in North Vietnam.

I close my comments by saying that I would like to believe that it is peace that the noncombatants in this war are seeking. I want to continue to believe that it is peace that we seek. I hope it is peace that the North Vietnamese and the Vietcong seek.

But resort to brutality and cruelty and barbarism in the treatment of war prisoners by either the North Vietnamese or the South Vietnamese will not aid the coming of peace. Therefore, I hope that all the noncombatant nations in the world will recognize that here, too, as in regard to the other allegations of which I have spoken concerning their treaty duties under the United Nations, they should proceed to take concerted action.

This is a subject matter on which there should be action before the fact. This

is a subject matter of which the members of the Security Council of the United Nations and the members of the General Assembly of the United Nations should take cognizance, and they should call for international discussions now. Let us not wait until brutality and barbarism break forth in the handling of war prisoners.

We certainly have a clear duty in this matter, and I have no doubt as to where my President will stand. I shall support the President in any endeavor he makes through so-called noncombatant nations, to arrive at an understanding with the North Vietnamese, without any delay.

If there is any reason to believe that South Vietnamese are violating the Geneva War Prisoner Convention, an endeavor should be made to work this matter out with the South Vietnamese, and certainly we can do something about that.

Mr. President, I see grave danger of any barbaric act on the part of the North Vietnamese increasing the possibility of a greatly escalated war, at a time when we should be moving in the direction of deescalation. Leaders of other nations of the world have at least a moral duty—I believe a legal duty, too—to take the steps necessary to attempt to reach an understanding if there is any basis in fact—if there is any basis in fact, I repeat—that North Vietnam intends to try these American military prisoners as war criminals.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, what is the pending business?

THE FOREIGN ASSISTANCE ACT OF 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The amendment of the Senator from Virginia [Mr. BYRD].

Mr. FULBRIGHT. Does the Senator wish to offer the amendment at this time?

The PRESIDING OFFICER. The amendment is pending.

Mr. FULBRIGHT. I wish to say to the Senator from Virginia that we have read and examined the proposed amendment. It is similar to one we have in the military aid bill. I am disposed to accept it. I believe it is a good amendment.

In the past, I have objected to amendments seeking to achieve ulterior and somewhat irrelevant objectives, but that objection has been overridden so often that I cannot see that it is valid any

longer, even though I used to object to the practice.

Therefore, in view of the fact that a similar provision is in the act with regard to Cuba, and the restriction is in the military bill, I accept the amendment proposed by the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I thank the Senator from Arkansas.

The proposed amendment conforms the Economic Assistance Act to the Military Assistance Act, both of which were reported by the committee chaired by the distinguished Senator from Arkansas. I am pleased that the chairman of the Committee on Foreign Relations has accepted the proposed amendment, and I move that it be agreed to.

The PRESIDING OFFICER. (Mr. BURDICK in the chair). The question is on agreeing to the amendment of the Senator from Virginia.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I call up my amendment, which is at the desk, with respect to an International Private Investment Advisory Council, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent to dispense with the reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by the Senator from New York [Mr. JAVITS] is as follows:

On page 17, between lines 17 and 18, insert a new subsection as follows:

"(a) Section 601(c), which relates to the Advisory Committee on Private Enterprise in Foreign Aid, is amended to read as follows:

"(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Board shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

"(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.

"(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

"(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act."

Mr. JAVITS. Mr. President, the proposed amendment would establish an International Private Investment Advisory Council to make recommendations to the Administrator of the foreign assistance

program with respect to particular aspects of programs and activities where private enterprise can make a contribution, and to serve as liaison for the Administrator with respect to private enterprises which may be interested or involved in the foreign assistance program. My interest in the proposed amendment stems from the fact that, with the kind cooperation of Senator FULBRIGHT and other members of the Committee on Foreign Relations, I sponsored the establishment, by an amendment to the foreign aid bill 2 years ago, of the so-called Watson Committee, to report on what might be an effective participation by private enterprise in foreign aid.

This committee has made a very extensive report, which was put into the RECORD yesterday in the House of Representatives by Representative CURTIS, and it can be read by Senators on pages 14740 to 14753 of the RECORD. The recommendations of this report have been implemented from time to time, but I have the deep conviction—and it is shared by others who are interested—that a continuous followup is required in order to make it meaningful.

That is one of the things that has been lacking in previous loans of the same kind.

I, therefore, Mr. President, welcome with the greatest pleasure the fact that the other body in its bill incorporated an International Private Advisory Council for the purpose of dealing with this problem and essentially following through on the recommendations of the Watson Committee.

It is a fact that the work of the private sector in foreign aid has been covered to some extent in the President's General Advisory Committee on Foreign Assistance Programs, the Perkins Committee, headed by James A. Perkins, president of Cornell University, and other members of the committee. That Committee has a Private Sector Subcommittee under the able chairmanship of David Rockefeller.

Mr. President, I ask unanimous consent that the list may be made a part of the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

GENERAL ADVISORY COMMITTEE ON FOREIGN ASSISTANCE PROGRAMS

Chairman, Dr. James A. Perkins, President, Cornell University, Ithaca, New York.

Mr. Dwayne O. Andreas, Chairman, Executive Committee, National City Bank of Minneapolis, Minneapolis, Minn.

Mr. Joseph A. Beirne, President, Communications Workers of America, 1925 K. Street, N.W., Washington, D.C.

Mr. Eugene R. Black, Spec. Presidential Advisor for SE Asian Economic & Social Dev., 230 Executive Office Building, Washington, D.C.

Mrs. Everett N. Case, 9 Washington Mews, New York 3, New York.

Dr. Luther H. Foster, President, Tuskegee Institute, Ala.

General Alfred M. Gruenther, 4101 Cathedral Ave., N. W., Washington, D.C.

Dr. J. George Harrar, President, Rockefeller Foundation, 111 West 50th Street, New York, N.Y.

Mr. William R. Hewlett, President and Director, Hewlett-Packard Company, 1501 Page Mill Road, Palo Alto, Calif.

Mr. Sol M. Linowitz, Chairman of the Board, Xerox Corporation, Rochester, New York.

Professor Edward S. Mason, Department of Economics, Harvard University, Cambridge, Mass.

Mr. George Meany, President, AFL-CIO, 815 16th Street, N.W., Washington, D.C.

Dr. Franklin D. Murphy, Chancellor, UCLA, Los Angeles, Calif.

Dr. Samuel M. Nabrit, President, Texas Southern University, Houston, Texas.

Mr. David Rockefeller, President, Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, N.Y.

Mr. Arthur K. Watson, Chairman, IBM World Trade Corporation, Old Orchard Road, Armonk, New York.

Mr. William J. Zellerbach, President, Zellerbach Paper Company, 343 Sansome Street, San Francisco, Calif.

Mr. JAVITS. There are also representatives of labor and educational institutions on the committee. There is Joseph Beirne, president of the Communications Workers of America, and representatives of the so-called private organizations. Mrs. Case, chairman of the Board of Trustees of Skidmore College is a member.

There is no reason why the Rockefeller subcommittee must be displaced or replaced. If the amendment is agreed to, it would mean that it would be locked into the bill and provide a statutory floor.

Mr. President, I ask unanimous consent that the statement on this subject in the report of the Foreign Affairs Committee of the House of Representatives on this bill be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SECTION 301(a)(3)—INTERNATIONAL PRIVATE INVESTMENT ADVISORY COUNCIL

Section 301(a)(3) of the bill amends subsection (c) of section 601 of the act to provide for establishing an International Private Investment Advisory Council composed of leading American business specialists to make recommendations to the administrator of the foreign assistance program with respect to particular aspects of programs and activities where private enterprise can make a contribution and to serve as liaison for the administrator with specific private enterprises which may be interested or involved in the foreign assistance program.

Members of the Council are to serve without compensation but are authorized to receive reimbursement for travel and per diem in accordance with Government regulations.

The expenses of the Council are to be paid from funds otherwise available under the act. No additional funds are authorized.

The purpose of the amendment is to assure that the foreign aid program makes use of the services of American business leaders.

The committee desires to avoid duplication and proliferation of advisory committees. The work of the Private Sector Subcommittee of the President's Advisory Committee on Foreign Aid (Perkins Committee) established under the authority of section 261 of the act is recognized. It is the expectation of the committee that the authority contained in this section will be used to strengthen and expand what is underway rather than to supersede or parallel existing activities.

Mr. JAVITS. Mr. President, I do not propose a new committee. It is the same committee except that we are giving a statutory base for it, which we think is most desirable. I would hope that the

President would look over the list of members. For example, I see on the list William J. Zellerbach, a man whom I know very well. He is a member of the committee who is a prototype of the modern young executive with vigor and energy and would portray the interest of a young man like that in the committee, if it has a statutory base.

Mr. President, for all of these reasons I hope very much that the Senator from Arkansas [Mr. FULBRIGHT] may see fit to accept this amendment, based on my explanation.

Mr. President, I ask unanimous consent to include in the RECORD the actual recommendations of the so-called Watson Committee, together with two reports which I have now had from AID, reporting on the implementation of the Watson Committee report as of February 7, 1966, and July 15, 1966, and a short statement on the AID form of organization, in support of private enterprise.

There being no objection, the reports and statements were ordered to be printed in the RECORD, as follows:

AID'S RESPONSE TO DATE TO THE REPORT OF THE ADVISORY COMMITTEE ON PRIVATE ENTERPRISE IN FOREIGN AID

INTRODUCTION

The Advisory Committee on Private Enterprise in Foreign Aid was appointed on May 26, 1964, held eleven meetings and concluded its work in July 1965. Its Report was given to the President in August 1965. This memorandum describes AID's response to date to the Report.

Although the Advisory Committee has disbanded, the individuals who served on it and the organizations they represent have a continuing contribution to make and are entitled to know what we are doing with their work. This memorandum is for them. The Report requests the Members of the General Advisory Committee for Foreign Assistance Programs, appointed by the President in May 1965, to give continuing attention to the role of non-government organizations. This memorandum is also for them. The Members of the Congress are vitally interested in this field. This memorandum is for them as well.

A Report such as this, if it is to be useful, cannot be treated as an isolated event. It must be one step in a continuing process of evaluation, questioning, and experimentation, and one step in the continuing dialogue between AID and the broad range of private organizations deeply concerned with the problems of developing nations. This memorandum is, then, a report to ourselves, a provisional balance sheet to guide us through the next stages.

A NOTE ON PROCEDURE

The Advisory Committee made thirty-three recommendations. Within A.I.D., responsibility for each of the recommendations has been assigned to a specific office. Overall coordination is assigned to the Office of Development Finance and Private Enterprise. Consultations have been held with the Departments of State, Agriculture, Treasury, Justice, the Bureau of the Budget and the Export-Import Bank. A.I.D. and the Department of Commerce have established a joint working group. Consultations have also been held with the International Finance Corporation and the World Bank.

The Report has been widely distributed. Efforts are being made to draw on many firms, individuals and organizations outside of A.I.D. for comment, advice and suggestions. For example: the Report has been systematically reviewed by the Task Force on Private Enterprise in Foreign Aid of the Na-

tional Association of Manufacturers and its views given to A.I.D. at a joint meeting in January; the Council for International Progress in Management also reviewed the entire report with A.I.D. in January; many of the recommendations were discussed at a recent meeting of A.I.D.'s Advisory Committee on Economic Development, chaired by Professor Edward Mason of Harvard.

SECTION 1: PRIVATE ENTERPRISE AND FOREIGN AID

A.I.D. is in full agreement with the broad philosophy set forth by the Committee. The Report has been received throughout the A.I.D. organization in Washington and in the field as a thoughtful analysis of the role private resources can and must play in economic and social development. The Report, designed to influence the tone and shape the direction of A.I.D.'s programs, is having the intended effect:

1. Its influence began to be felt even before the final drafting in June. The program guidance for Fiscal Year 1967 programs sent by the Administrator to all Mission Directors on April 13, 1965, included the following: "Private sector development continues to be a subject of special A.I.D. concern. For each country in which private sector activity can play a substantial role in meeting U.S. objectives, the mission should consider including in its Country Assistance Strategy Statement as a major program goal plan a broad, comprehensive program of host country action, AID action, and strategy for fostering needed host country and other donor action to promote private sector development. The program should include an effort to develop a sequence of projects and programs designed to identify and eliminate obstacles to private investment, both foreign and local, and to strengthen private activity generally."

2. Particular attention was given to private sector development in the Administrator's Fall reviews of the major country programs.

3. The Agency is reaching out to many private organizations in the U.S. to explore new forms of government-private association. Illustrative are recent contacts with the American Institute of Banking, the American Management Association, the Investment Bankers Association, the National Industrial Conference Board and the Investment Company Institute. These groups are valuable sounding boards and sources of information and ideas.

4. A.I.D. is working to cause national and international planning organizations to give increased attention to the private sector and to increase private participation in the planning process. New organizations have been created and existing organizations strengthened, often with direct A.I.D. assistance, to represent the private sector. For example:

A private enterprise conference will be held in Panama in August of this year under the auspices of CONEP, the newly formed Panamanian national council of private companies. Participants are expected from all Latin American countries. The topic of the conference will be ways and means to involve private sector representatives more deeply in national planning.

A.I.D. is also encouraged to note that the Inter-American Committee for the Alliance for Progress (CIAP) is now emphasizing in its country reviews that meaningful participation by the private sector in the planning process is highly important.

5. In May 1965, A.I.D. proposed that the Development Assistance Committee of the OECD include private investment matters in its activities. Representatives of the member countries are preparing a work program to: exchange information on investment incentives, coordinate public and private development efforts, improve statistics on private capital flows and study the overall effects of foreign private investment in selected developing countries. The Business and Industry

Advisory Committee of the OECD will participate, to represent the private business firms of the DAC member countries.

A number of developments in recent months are of interest in relation to the Committee's discussion of the attitude towards private enterprise prevailing in less developed countries: In November 1965, Brazil and the U.S. concluded the final arrangements under which A.I.D.'s investment guaranty program, covering both political and extended risks, is now available to U.S. investors in Brazil. This is one aspect of a basic change in attitude in Brazil towards foreign private investment. Its potential significance is shown by the applications now on hand in A.I.D. for coverage in Brazil—they total over \$200 million in potential investments. Another example of the changed attitude is the decision of the Brazilian Government to permit certain iron ore and petro-chemical projects to be handled by private industry in association with foreign investors.

The governments of Tunisia and Ceylon are now making real efforts to attract foreign private investment. Chile and Bolivia have enacted improvements in their investment laws. India has made significant changes in its policies affecting private enterprise in the fertilizer industry. To facilitate investment in this field the government has announced that it will remove price controls, permit distribution to be handled by private firms, streamline project clearance, allot foreign exchange for materials imports and help to underwrite Indian capital in private joint ventures.

SECTION 2: THE FLOW OF DIRECT INVESTMENT *Recommendation No. 1: Status as of February 1966*

"We recommend that AID select a number of key aid-receiving countries for intensive study of factors which may improve the investment climate; that such studies enlist the help and advice of the appropriate business communities concerned; that an explicit program be developed for the improvement of the climate in those countries studied; and that, wherever the foreign aid program offers some effective opportunity for the improvement of such climate, the opportunity be used to the full."

By September 1965, A.I.D. had selected six countries for the study—Korea, Brazil, Thailand, Tunisia, Turkey and Chile. Instructions have emphasized: give the studies priority; consider the climate for local private investment as well as factors of special significance to foreign investment; involve both the local and foreign business communities in the studies; the desired product is not the study but a plan to improve the climate for private economic activity.

The Korea Mission started its study in October. Since several members of the strong private enterprise team in Taiwan had been transferred to Korea to build up Korea's private enterprise program, Mission personnel only were assigned to the job. The Mission's outline of its plan of work is attached as an example of the scope of these studies.

In performing its task, the team held many discussions with the Korean Businessmen's Association, a representative group of prominent men in industry and commerce. The report is expected by February 15, and the proposed actions will be reflected in Korea's country program submission due April 1.

Brazil's study was started by Mission personnel and supplemented by a consultant's report submitted in December. The Mission's official report will be based on this work, and is expected February 15.

Thailand retained a consultant who arrived at the Mission in January. He will transmit a status report on March 1, at which time we can establish a date for submission of the final report containing the survey generated action programs.

During November and December 1965, an A.I.D. consultant made a study of the investment climate in Tunisia. We received a preliminary report in late December. Arrangements are being made for a team representing one of the leading Edge Act Corporations to go to Tunisia shortly to look for new investment projects. (This plan is described more completely under Recommendation No. 4.) Their primary interest will be to work out actual investments, but while they are doing this, they will also be used to check the results of the consultant's study and, on the basis of this live experience, to propose specific actions for the A.I.D. program.

The study in Turkey is substantially farther along than the others. In May and June of 1965, A.I.D. decided to do a study of industrial development—particularly private development—in Turkey. This study, as was the case with many other agency actions in this field during this period, emerged from the normal planning processes of the Agency, but was directly influenced by the discussions of the Committee. As the study progressed, and the Committee's recommendations were released, it became clear that it covered material called for by this recommendation.

During the summer and fall of 1965, a team gathered information which was used as a basis for a series of decisions made by the Mission in October of 1965. In preparation for this, A.I.D. representatives who were to participate in making these decisions met with the NAM Task Force on Private Enterprise in Foreign Aid to discuss the investment climate of Turkey. The principal decisions made were:

To work towards liberalization of controls on imports of raw materials and machinery for the private sector.

To help the Turks develop major projects in the private sector.

To encourage the Turks to carry on a rational infrastructure plan that will support private enterprise development needs.

To devise means of extending credit availability to areas outside Istanbul.

To work toward increasing the capability of Turkish institutions rendering credit, engineering, training and consultant services to the private sector.

Since that time, senior Mission personnel have worked to find private sector projects for possible financing. This campaign has turned up a substantial number with high investment content.

A full report on these activities is expected from the Mission this month.

The Chile study is to be done by a team of expert consultants. This team has not yet been put together. We have set a March 1 deadline for the design of this study and the contracting of consultants to execute it.

As the results of these pilot country studies become available, we expect to apply ideas and methods that have proven to be useful on a broader basis to other countries.

Recommendation No. 1: Status as of July 1966

A.I.D. has received investment climate studies made by the Missions in Brazil, Thailand, Korea and Turkey. While preliminary in nature, they are a useful first step toward eventual studies in depth of the private sectors in these countries. More important, they bring out some of the more serious impediments to private investment, which can and should be attacked in the near and intermediate future, pending elaboration of broader, longer term plans. A.I.D. has already set up high level committees for two of these countries and expects to set up similar committees for each country to be studied. These committees will, on a continuing basis, follow through on the studies made and to be made and their implementation, along the lines suggested in Recom-

mendation No. 1. The results of the studies will begin to be reflected in Country Program submissions for FY 68.

Recommendation No. 2: Status as of February 1966

"We recommend that the United States Government accept in principle the concept of international arbitration; that it ratify the proposed International Convention for the Settlement of Investment Disputes; and that it seek to secure its ratification by others."

The U.S. Government does accept in principle the concept of international arbitration.

Secretary Fowler signed the International Convention for the Settlement of Investment Disputes on behalf of the United States on August 27, 1965. Submission of the Convention to Congress for ratification during the present session is expected.

As of January 3, 1966, thirty nations, including an encouraging number of less developed countries, had signed the Convention. No Latin American State has yet signed. One ratification, that of Nigeria, has been deposited. The Convention will come into force after ratification by twenty nations.

Recommendation No. 2: Status as of July 1966

On June 10, 1966, Congress ratified the International Convention for the Settlement of Investment Disputes under which a center will be set up within the International Bank for Reconstruction and Development to handle such controversies. The United States deposit of ratification brought the total of ratifying nations to 7 out of a total of 43 signatures. U.S. support and ratification should be the impetus needed to arrive at the total of 20 ratifications necessary for the Convention to come into effect.

Recommendation No. 3: Status as of February 1966

"We recommend that the United States Government lend its full support to the principle of an investment code under international sponsorship; and that as part of such a code the United States be prepared to accept a reasonable statement of the obligations of investors, to accompany a statement of the obligations of host countries."

The U.S. Government has actively participated in the preparation of one code of this kind—the OECD draft Convention for the Protection of Foreign Property. The United Nations and the Inter-American Committee for the Alliance for Progress are both in the early stages of developing a statement of principles of this kind. We agree with the Committee about the kind of statement the United States should be prepared to accept. *No significant support for the OECD draft Convention has yet appeared among the developing countries.* As a result, the possibility of adoption of such a code appears slim for the present.

Recommendation No. 3: Status as of July 1966

The United States has stated before the OECD Council that it approves and is ready to sign the Convention for the Protection of Foreign Property.

Recommendation No. 4: Status as of February 1966

"We recommend that both the United States Government and private organizations assist the less developed countries in undertaking large scale programs of market studies and feasibility studies, to be used as part of a campaign in engaging the interest of prospective local and foreign private investors. In view of the need for persistence and continuity in the promotion of any given project, the generating of such studies should be the prime responsibility of local entities, such as a development bank or well-equipped ministry, motivated and

equipped to maintain a follow-up campaign from the stimulation of an initial interest by investors to the final act of establishment. If necessary, the contracting of foreign technical assistance should be included. AID financing should be predicated on significant contributions by the local institutions but *might include the costs of a substantial effort to 'sell' proposals in face-to-face contact with enterprises in the United States.*"

A.I.D. agrees with this recommendation in general.

A.I.D. shares the view of the Committee that local entities such as development banks have a major role to play in project identification and promotion. For example, we are now considering an increase in our technical assistance to the Industrial Development Bank of Pakistan for the specific purpose of increasing the Bank's capability to promote private sector activity.

On January 31, 1966, A.I.D. signed a \$3,000,000 loan agreement with COFIEC, a newly established private development bank in Ecuador. The new bank was organized by Ecuadorian businessmen and bankers and has \$1,000,000 subscribed capital from numerous U.S., foreign and Ecuadorian private banks, companies and individuals. It will be staffed to seek out investment opportunities and bring them to the attention of potential investors. The A.I.D. loan will supply investment capital and finance feasibility studies, as well as technical assistance to the ultimate borrowers. It will provide medium and long term credits at 8% to private industry, a sector previously not served by private banks in Ecuador.

Last fall a new Office of Promotion and Assistance to Private Enterprise was established within the Guatemalan National Economic Planning Council. Although Guatemala has had a highly successful industry productivity center, little, if any, efforts were being directed toward identification and promotion of new investment. A.I.D. is providing, through a November 1965 contract with a Puerto Rican consulting firm and its own personnel, technical and advisory services to this new entity that will make it a one stop center of investor information, feasibility studies and aggressive promotional activities.

The A.I.D. loan to Brazil, authorized October 1965, is also relevant. It is to finance feasibility studies for both the private and public sector. It includes the provision of technical assistance to a newly established central agency and several related sub-lending agencies which will make the loans for the studies. The loans for private projects will be made to potential investors, so that the need for independent promotion is minimized. The loan will not only generate projects suitable for international financing but, notably, will create an institutional capacity to perform studies within all the Brazilian agencies involved.

A U.S. contractor is now making a pre-investment survey of the petrochemical sector in Korea which is expected to identify a number of private projects. American firms and banks are following the survey with great interest.

Joint arrangements now being worked out between A.I.D., a leading financial institution, the Tunisian Chamber of Commerce and a Tunisian development bank, are an imaginative blending of resources bearing on the identification and promotion of investment opportunities. The banking representatives will provide financial know-how and provide personnel in Tunisia to coordinate with Chamber personnel in selection and promotion techniques. After collecting selected projects bearing approval of the Government of Tunisia and backed by pledges of local financing if necessary, the banking team will promote these projects through its U.S. banking connections, being prepared to lend or invest in them for its own account.

Plans are being made to apply this technique in other countries.

In March 1965, A.I.D. contracted with the International Marketing Institute of Cambridge, Massachusetts, to make an overall survey of export promotion services. This intensive survey is in its final phase and its findings should provide A.I.D. with a set of guidelines with which to help the less developed countries build productive export programs.

A task force has been set up by State, Commerce, and A.I.D. to review and evaluate the current programs of commercial, trade and investment reporting. The work of the Committee is well advanced and recommendations for improvement are expected soon.

A.I.D. is clearly involved in a lot of work of the general type recommended by the Committee: feasibility studies to be marketed by major consulting firms, market studies, the statutory program of investment surveys, financial and technical advisory support to local development banks and other institutions, promotional efforts by investment centers, etc. These activities represent the deployment of substantial resources, but *we have concluded that we need to learn more about their comparative efficiency.* To do this we are organizing an evaluation project. Planning of this project is underway. We expect the work to begin by March 1, 1966.

Recommendation No. 4: Status as of July 1966

Promotion of Projects

Pursuant to the recommendation that more data be gathered and more companies "sold" on the opportunities now prevailing, A.I.D. has done three things. It has intensified its call for more prefeasibility studies from the Fomentos in Latin America and from its missions in Africa and in the Near and Far East. It has initiated major experiments in new promotional techniques for two of the assisted areas. And, it has retained, for purposes of catalysing discussions here in Washington, a consultant for industrial promotion.

To accelerate the identification of projects, economists have been sent to Central and South America, and to selected countries in Africa and South Asia. Under the direction of an American industrialist with long experience in Latin America, a new approach to industrial promotion, using contractors whose knowledge and contacts relate to specific areas of industries, is being applied to the Latin countries. A correlative experiment in Africa is emphasizing the use of Edge Act Corporations both for identifying opportunities and for bringing them to the notice of their industrial clients. The latter program now involves banks in six major American cities. The projects specifically being considered include large-scale cattle raising in Kenya, paper production in Malawi, and a massive, mixed nucleus farm in Tunisia. Lastly, through a series of meetings attended by industrial and capital development officers from each of the regional offices, an effort is being made to develop a set of techniques, or methodology which can be commended to all of A.I.D.'s missions abroad. Through this combination of intensified action, experimentation, and analysis, A.I.D. is moving steadily toward a more effective method for encouraging American private investment in "the less developed countries."

Recommendation No. 5: Status as of February 1966

"We support the proposals under consideration by the Congress which would: (1) raise the \$2.5 billion statutory ceiling on the guaranties against inconvertibility, expropriation and military hazards to a new level of \$5.0 billion; (2) relax the statutory requirements for enterprises eligible for guaranty, to permit the coverage of foreign corporations jointly owned by more than one U.S.

company; (3) relax the 20-year statutory limitation on the life of guaranties; and (4) permit AID to use income from the guaranty program not only for the management and custody of assets but also for certain other operational costs associated with the guaranty program.

"We urge in addition (5) that enterprises be permitted to insure comprehensively for all three categories of risk, rather than for each risk separately, thereby reducing the total amount of insurance coverage required; and (6) that consideration be given to a reduction in the rates applicable to such insurance so that the coverage of two specific risks costs $\frac{3}{4}\%$ rather than 1%, and the coverage of three specific risks costs 1% rather than $1\frac{1}{2}\%$."

In the Foreign Assistance Act of 1965, signed by the President on September 6, Congress adopted the proposals covering points 1 through 4 although the 20-year limit on guaranties was relaxed only for loans. In analyzing points 5 and 6, A.I.D. will make a number of changes. If the National Advisory Council on International Monetary and Financial Problems approves, A.I.D. will: offer a combined war and expropriation coverage at a combined premium rate of $\frac{7}{8}\%$; reduce the premium for convertibility coverage from $\frac{1}{2}\%$ to $\frac{1}{4}\%$; reduce the fee for standby coverage from $\frac{1}{4}\%$ to $\frac{1}{10}\%$.

Recommendation No. 5: Status as of July 1966

After approval by the National Advisory Council on International Monetary and Financial Problems, A.I.D., on March 15, 1966, announced that combined war and expropriation coverage is now offered at $\frac{7}{8}\%$; that the convertibility premium has been reduced from $\frac{1}{2}\%$ to $\frac{1}{4}\%$; and that the fee for standby coverage is reduced from $\frac{1}{4}\%$ to $\frac{1}{10}\%$.

Recommendation No. 6—Status as of February 1966

"We recommend an expansion of the extended risk guaranty. In undertakings in which businessmen are willing to risk as much as 25% of the total investment on a junior basis, an amount not to exceed 75% of the investment should be eligible, upon approval by AID, for a 100% extended risk guaranty.

"To permit adequate opportunity for the development of such programs, we recommend that the statutory authority to issue housing and extended risk guaranties be prolonged to June 30, 1969. We recommend also that the \$25 million guaranty limit in connection with loans and the \$10 million limit in connection with other investments be removed.

The Administration's proposed Foreign Assistance Act of 1966 requests an expansion of authority to issue Extended Risk Guaranty contracts from the effective current availability of \$175 million to \$300 million. This authority would be available for five years. A.I.D. has altered its policy concerning 100% coverage to meet the Committee's recommendation in part, although it has not yet applied the full recommendation. Subject to approval by the National Advisory Council, A.I.D. is now offering to give direct 100% guaranty coverage to long-term lenders, provided other financing (presumably shorter term) is furnished by banks or other financial institutions equal to 25% of the loan financing. This would give institutional lenders the full 100% coverage which they require and which the Committee recommended. It varies from the Committee's recommendation by seeking to bring a short-term lender into the picture at risk.

At the same time A.I.D. is considering a reduction in fees in order to make the cost of money raised under this program more attractive, and to reduce the burden on the developing country's balance of payments.

(The U.S. balance of payments is protected by a requirement for U.S. procurement.)

Six projects are now in the stage of active negotiations on this basis with good prospects of realization this year.

The Committee also recommended removal of the \$25 million guaranty ceiling on loans; Congress enacted this provision in 1965. Congress also enacted the recommendation to remove the \$10 million limit on other forms of investment, but extended the statutory authority to issue these guaranties to June 30, 1967, rather than June 30, 1969, as recommended by the Committee.

Recommendation No. 6: Status as of July 1966

A.I.D. now offers to long-term institutional lenders a direct 100% guaranty when other financing (generally shorter term) is furnished by banks or other private financial institutions equal to 25 percent of the loan financing. This gives institutional lenders the full 100% coverage they require and which the Committee recommended. A Standard Form Guaranty to be used in such cases has been completed, and we expect to issue guaranties on this basis for several projects shortly.

The reduction of fee is still under active consideration. Minor modifications have been embodied in the current Senate and House Foreign Aid Bills in the legislative provisions about both specific and extended risk guaranties.

Recommendation No. 7: Status as of February 1966

"We recommend that the United States Government urge the World Bank and the Inter-American Development Bank to explore further the feasibility of setting up a guaranty system which would selectively indemnify both locally-owned and foreign-owned enterprises in the less developed countries against the effect of a devaluation."

A.I.D. has forwarded this recommendation to the National Advisory Council for International Monetary and Financial Problems for its consideration as coordinator of U.S. policies on international matters of this kind. It will develop a U.S. position to guide the U.S. Executive Director of the World Bank. It has also been discussed informally by A.I.D. with the Bank's staff.

Recommendation No. 7: Status as of July 1966

The Executive Directors of the World Bank have extensively considered the establishment of a multilateral investment guaranty system. In their deliberations it has become quite clear that they do not at this time wish to establish a guaranty system which would indemnify private investments against the effect of devaluation and such approach has been specifically rejected. However, much progress has been made in connection with the multilateral investment guaranty system.

The Bank Staff is currently preparing a draft charter for a proposed Multilateral Investment Guaranty Corporation based upon positions taken by the Committee during meetings which on balance favored the Corporation's establishment as an affiliate of the Bank. It is presently planned to submit the draft charter to the Committee prior to the next Annual Meeting of the Bank and hold further discussion toward the end of the year.

This progress toward adoption of a suitable charter and the ultimate establishment of a corporation which would issue guaranties against political risks on private investments originating in capital exporting countries which join the Corporation in enterprises in particular lesser developed countries is highly encouraging since an institution providing this function will be another means of mobilizing additional private resources into the LDC's.

Recommendation No. 8: Status as of February 1966

"We recommend that the United States Government support both wholly-owned and jointly-owned enterprises in the less developed countries, and that it avoid any doctrinaire position on the issue.

"We recommend further that where the prospective investor has legitimate concerns regarding the nature of the arrangement proposed by the host government, and wishes to enlist the support of the United States Government in expressing these concerns to a host government, the United States Government should consider sympathetically the possibility of lending such support."

A.I.D. has no formalized policy requiring insistence on joint ownership in any given situation. We do see many advantages to jointly owned enterprises in less developed countries, and, wherever this is feasible and realistic, tend to favor them. At the same time we are aware that this type of ownership can create problems for the U.S. investor. In our discussions with business, we find a divergence of views. Although our policy is not doctrinaire, our attitude in specific cases should be based on a thorough understanding and the best available information. Accordingly, we expect continued consultation with business on this subject. On February 11, 1966, it will be reviewed at a meeting of the Advisory Committee on International Business Problems (the Randall Committee), when individual companies with particular problems in this area will present their views and experiences to the Committee, along with representatives of State, A.I.D. and Commerce.

Recommendation No. 8: Status as of July 1966

Subsequent to the discussion of the Government's policy towards joint ventures which took place at the February 11, 1966 meeting of the Advisory Committee on International Business Problems (the Randall Committee), guidance on this question was sent to all U.S. Missions overseas by the Secretary of State. The message reaffirmed that the U.S. Government has no doctrinaire policy requiring insistence on joint ownership. Government officials were advised to point out to American companies the advantages and disadvantages of the joint venture approach in a particular country or industry situation. However, the final determination is the sole responsibility of the American company involved.

Recommendation No. 9: Status in February 1966

"We recommend that the United States tax laws and regulations be amended so that the United States taxpayer's right to offset losses in subsidiaries against taxable income from other sources would be the same for subsidiaries in less developed countries as it is for subsidiaries in the United States."

Consultations with Treasury and expert private tax counsel lead us to question the advisability of adopting this recommendation. The Department of Treasury believes that the proposal would permit distorted allocation of profits and create double deduction for losses. Private experts have emphasized that a rule permitting current deduction of losses but no current taxability of earnings runs counter to generally accepted rules of taxation. They have also emphasized the complexity of enforcement problems which would be faced by the Internal Revenue Service. We will continue our consideration.

Recommendation No. 9: Status in July 1966

Further consideration has led us to conclude that it may be possible to develop legislation along these lines which would operate as an effective incentive to U.S. investors while at the same overcoming the objections which have been voiced in the

past. We are developing a proposal for consideration by appropriate government officials.

Recommendation No. 10: Status in February 1966

"We recommend that the United States Senate accept the provisions of the United States-Thailand tax treaty which would apply a 7 percent investment credit to United States-owned investment in Thailand.

"We recommend also that the United States Government take steps to apply the same treatment to investment in other selected less developed countries, either by legislation or by treaty."

The tax treaty with Thailand and a treaty with Israel containing a similar provision were submitted to the first session of the 89th Congress. A Subcommittee of the Senate Foreign Relations Committee held hearings on the bill but action was not completed prior to adjournment. A number of Administration witnesses, including the Assistant Secretary of State for Economic Affairs, testified in support of the treaties. Although some opposition has been voiced, it is hoped that action will be completed during the current session of Congress. Negotiations with other countries have been started.

Recommendation No. 10: Status in July 1966

The United States has signed tax treaties containing a 7% investment credit clause with Thailand and Israel and has concluded a similar treaty with India which is awaiting signature. It is negotiating a treaty with Brazil (which is expected to a considerable extent to be a forerunner of treaties with other major Latin American countries), Trinidad and Tobago, and Korea—all of which involve the investment credit clause.

The full Senate Foreign Relations Committee is expected to consider the Thailand treaty in the near future. A Subcommittee which conducted hearings on the treaty has expressed some reservations on the 7% investment credit provision.

Recommendation No. 11: Status in February 1966

"We recommend the enactment of a proposal for a tax credit equal to 30 percent of the investment by United States investors in productive facilities in less developed areas, to be applied against the total United States tax liability of such investors."

In his remarks to the Advisory Committee in August 1965, the President said: "We have already made certain recommendations—both in tax treaties now before the Senate and in my foreign aid message—for using tax measures to encourage private investment in the developing countries. I am certain that the Congress, in its consideration of this subject, will give weight to the views of this Committee."

The submission of this tax credit proposal is currently under review by the Executive Branch.

Recommendation No. 11: Status in July 1966

No change.

Recommendation No. 12: Status in February 1966

"We recommend that the encouragement to investment offered by such *tax-sparing measures* in less developed countries should not be negated by United States tax laws."

Although the principle of tax sparing was incorporated in a tax treaty with Pakistan negotiated several years ago, the treaty was withdrawn by the Administration as a result of a basic change in policy. Tax sparing is disadvantageous to the developing country because it encourages rapid repatriation of profits. (It is only when the profits are brought back into the U.S. that the investor derives a direct U.S. tax benefit.) Further, tax sparing gives the greatest benefits to U.S. investors in countries with the highest

rates of local taxation and gives local tax authority the power, in effect, to set U.S. tax levels.

Recommendation No. 12: Status in July 1966

No change.

Recommendation No. 13: Status in February 1966

"We recommend that the United States Government, working through its bilateral treaties of establishment, through the mechanisms provided by the OECD, or through other appropriate means, *widen and strengthen its collaborative practices with other governments in the antitrust field.* Wherever the activities of such governments seem likely to raise the problem of multiple standards and jurisdictional conflict in the application of antitrust policies, a major objective of the collaboration would be to reduce the uncertainty of the businessman concerning the jurisdictional authority and antitrust standards which would apply in his overseas activities."

The Department of Justice has been advised of this recommendation and, with the State Department, is taking an active part in the work of the Restrictive Business Practices Committee of the OECD, assisted by the Federal Trade Commission, the Department of Commerce and the Office of the Special Representative for Trade Negotiations. In November 1965, the U.S. proposed that the OECD sponsor a system of bilateral consultations. The proposal will be considered further in future meetings. Justice and State officials have conferred this year with officials of Canada, the United Kingdom, the European Economic Community and Japan on antitrust matters. An active and successful Antitrust Modification and Consultation Procedure is in operation between the U.S. and Canada under which current consultations are held and advice is given prior to the institution of antitrust actions affecting the other country's interests or nationals. The Departments of Justice and State are seeking to expand cooperation with other nations in this field in order to prevent conflicts with other national laws and develop a common approach to antitrust law.

Recommendation No. 13: Status in July 1966

The Subcommittee on Antitrust and Monopoly held extensive hearings April 20-29, 1966 on the broad range of questions covered by this recommendation.

The United States Government has announced that it favors in principle the OECD Draft Agreement on Restrictive Business Practices Affecting International Trade, dated May 1966, and favors opening it for signature by OECD members.

The Departments of Justice and State continue their efforts to further expand and improve international cooperation in this field in order to prevent conflicts with other national laws and develop a common approach to antitrust law.

SECTION 3: THE FLOW OF FINANCE CAPITAL

Recommendation No. 14: Status in February 1966

"We recommend that the Federal Reserve Board amend its recommendations to United States banks so that the restrictive effects on loans to less developed countries are eliminated."

The official statistics have shown substantial availabilities for credits to the less developed countries within the overall lending ceilings. It is possible that these availabilities are not in the institutions which do business in the developing countries, but to date the evidence of curtailment of lending to developing countries has not been sufficient to cause a policy change.

The guidelines were recently amended to make it possible for banks which heretofore

have had little or no foreign lending activity to make some foreign credits.

The proportion of the total new foreign lending which has gone to developing countries has sharply increased since the Federal Reserve guidelines were issued in March 1965, but total lending to both developed and developing countries has decreased sharply. It is this decrease which concerns us now, and we are following the situation closely to be ready to act if called for. In specific cases, if financing is needed but not available because of the guidelines, procedures exist to consider relief if needed.

Recommendation No. 14: Status in July 1966

No change.

Recommendation No. 15: Status in February 1966

"We recommend that a large-scale program of assistance be expanded for the development and improvement of local financial institutions in support of private and cooperative enterprises in the less developed countries; and that the program draw heavily not only on the expertise of the United States and other advanced countries, but also on expertise in countries whose institutions may be more relevant to those of the less developed countries. Presumably, such a program could be conducted not only through the auspices of public international agencies such as the Organization of American States and the United Nations specialized agencies, but also through private organizations such as those in the cooperative and labor fields which have the necessary experience and interest."

A.I.D. considers this recommendation to be of major importance, and is addressing it in a number of ways. The studies made in response to Recommendation No. 1 will suggest specific projects. A.I.D.'s programs of capital and technical assistance to intermediate credit institutions should continue to support the goals of this recommendation.

A July 1965 message from AID/Washington to each Field Mission emphasized the significance of soundly conceived and well administered legal institutions responsive to modern developmental needs, encouraged the Missions to review their existing programs aimed at improvement of legislation and public administration and, as appropriate, to propose new efforts and projects in this field. The legal institutions of a number of developing countries as they affect the forms and ways in which business is conducted are now being analyzed.

A survey of the operations of the Brazilian stock exchange, made by experts from the SEC and the American Stock Exchange, has just been completed under an A.I.D. contract authorized in August 1965. Its recommendations have been welcomed by Brazilian authorities and appropriate technical assistance will be provided this year.

On February 15, 1966, a former Vice President of a leading U.S. investment bank, now an IESC volunteer, is going to Taiwan at the request of the China Development Corporation to undertake a similar study of the Taiwan Stock Exchange.

Turkey has been showing a more sympathetic attitude toward the private sector recently, particularly toward enterprise in mining and fertilizers. Suggested changes in the mining laws are being prepared with the help of A.I.D. supported consultants.

Last year an intensive study was made of the Korean financial sector as part of the Administrator's review of specific sectors in selected countries. Evaluations were made of all the major financing institutions in the country and programs directed toward this sector were scrutinized. This exercise resulted in a strengthening of the Mission staff to include, among others, a Banking Advisor, an Agricultural Economist, the extension of contracts with accounting and management consultants to work within banks, savings

and loan associations and other credit institutions, and renewed program emphasis on increasing the effectiveness of this sector.

The Committee's suggestion that the experience of other countries, whose institutions may be more relevant to those of less developed countries than the U.S., be looked to as a source of guidance and expertise, is welcomed. We believe that the rapid development of corporate and financial techniques in Japan and Mexico in recent years may be particularly relevant and intend to draw on this experience to the extent possible.

In November 1965, the Liberian Bank for Industrial Development and Investment (LBIDI) was established to provide medium and long term capital to private enterprise in Liberia. Capital amounting to \$1,000,000 was subscribed and paid in by the IFC, the Liberian Government and several U.S. firms. A \$2,500,000 loan has been granted by Germany. A.I.D. is contributing to the cost of management and is providing the services of a U.S. consulting firm for loan reviews on behalf of the LBIDI. This is an excellent example of the joining together of private and public multilateral support for a private enterprise directed lending agency.

A.I.D. loans for cooperative type projects, housing, electrification and agricultural credits, now total \$565 million. An example is the loan, authorized by A.I.D. in June 1965, of \$3,650,000 to the Chilean Cooperative Bank. These funds will be used for sub-loans to cooperative organizations throughout Chile for various productive purposes.

In FY 1962, A.I.D. committed \$2.8 million in support of technical assistance for cooperative development. By FY 1965, this figure rose to \$16 million. A.I.D. sponsored cooperative programs in 39 countries during FY 1965. Eighty-eight contracts with American non-profit and cooperative organizations were the backbone of this activity. Among these organizations were:

American Institute for Free Labor Development.

Cooperative League of the USA.
Credit Union National Association.
Farmers Educational and Coop Union.
Foundation for Coop Housing.
Fund for International Development.
International Coop Development Association.

International Coop Training Center.
National League of Insured Savings Associations.

National Rural Electric Coop Association.
These institutions have over 280 men serving in the field, stimulating and guiding the development of indigenous counterpart organizations.

The Committee's views have led us to plan a systematic evaluation of our efforts to determine if we are doing the right thing in the right places with the right amount of resources.

Recommendation No. 15: Status in July 1966

A.I.D. continues to put major emphasis on financial support of and technical assistance to intermediate financial institutions and co-operatives. It is acutely aware of the importance of private capital building in the LDC's and is working unrelentingly to encourage it. It continues and will continue to make loans to such institutions, both in dollars and, where appropriate, in local currencies (Recommendation 17). These institutions have been of a variety of types: generalized, as industrial development banks and specialized, such as credit unions, housing banks, agricultural banks, etc. Some of these loans are conditioned on their being relent to specialized borrowers, such as agricultural cooperatives, small farmers, rural electrification co-operative systems, and the like. In making these loans A.I.D. seeks to encourage private ownership of these institutions. In these efforts, A.I.D. supplements the activities of international organizations, notably IBRD, which has always been very

active in this field (e.g., a recent \$17,500,000 loan to a private development finance company in Morocco).

Recommendation No. 16: Status in February 1966

"We urge the United States Government to approve a proposal to permit the IFC to borrow up to \$400 million from the World Bank for investment in private enterprise in the less developed areas; and we urge approval of the provision eliminating the need for the guaranty of such transactions by governments in the country of investment."

Congress has now approved the proposal that the IFC be authorized to borrow up to \$400 million from the World Bank. (The provision for host country guaranty had been eliminated sometime ago.)

The necessary amendments to the IFC's Articles of Agreement entered into force on September 1, 1965 after adoption by the IFC Board of Governors. The necessary amendment to the World Bank's Articles of Agreement came into force on December 17, 1965 after adoption by its Board of Governors and acceptance by the required number of member countries.

IFC is now a shareholder in 14 development finance companies in 12 countries. With its new authority, it will be able to play a substantially increased role in private sector development.

Recommendation No. 16: Status in July 1966

No change.

Recommendation No. 17: Status in February 1966

"We recommend that AID review its policies with a view to widening the use of United States-owned local currencies; and in that connection, that it give serious consideration to the greater use of those currencies for increasing the capital base of financial intermediaries of both the commercial and cooperative types."

A.I.D. has created a task force to study ways in which more U.S. controlled local currencies can be used to increase the capital base of various kinds of financial intermediaries. From FY 1957 through FY 1964, A.I.D. has channelled the local currency equivalent of \$773 million to intermediate credit institutions, primarily to industrial, agricultural and housing banks.

U.S. Controlled local currencies are in excess of our requirements for other U.S. Government use in only ten countries. Of these, potential applications of the kind recommended by the Committee seem feasible in India, Pakistan and the United Arab Republic. A change in A.I.D. policy authorized in January of this year now permits the lending of Cooley funds to U.S. banks overseas and their affiliates to be used for sub-loans to private borrowers. This channels local currency to the small investor who needs it and assures that control management of the lending operation funds is in competent hands. We have already authorized three such loans to a U.S. bank in Pakistan and are considering others in India.

Recommendation No. 17: Status in July 1966

No change. See No. 15 above.

Recommendation No. 18: Status in February 1966

"We urge the Administration to consider the possibility that any United States tax credits extended by treaty or legislation to the direct investments of United States investors in less developed countries, such as the 7% and 30% credits proposed in Section 2, also should be extended to the portfolio investment of United States corporate or institutional investors, wherever such investments meet the eligibility criteria which would apply to direct investments."

We are reviewing this recommendation as part of the overall analysis of fiscal incentives referred to in the discussion of Recommendation No. 11.

Recommendation No. 18: Status in July 1966

No change.

Recommendation No. 19: Status in February 1966

"We recommend that AID tailor its specific risk guaranties to permit their easier availability to United States buyers of selected issues of foreign private enterprises. Among the possibilities which AID should explore is: arranging for the application of such guaranties through negotiation and agreement with the underwriters rather than with the ultimate buyers, thereby sparing the buyers the cost and difficulty of direct negotiations and ensuring a wider United States market for the securities involved."

A.I.D. is advising the investment community of the advantages and problems of arranging for specific risk guaranty coverage with underwriters. Arrangements are being worked out. No statutory changes are needed, and this can be done. This coverage is feasible, although specific arrangements will have to be tailored to meet the requirements of different kinds of transactions. We believe this is understood by the firms that are active in the international financial community.

Recommendation No. 20: Status in February 1966

"We recommend that AID offer portfolio investors extended risk guaranties, combining risk-yield features which make selected securities of private enterprises in the less developed countries competitive with the alternative opportunities of such investors."

In our discussion of pending projects, we have proposed varying rates of return on early and late maturities and have attempted to interest institutional investors in something less than 100% coverage of risk. Thus far, we find them interested only in 100% coverage.

Recommendations Nos. 19 and 20: Status in July 1966

A.I.D. has recently drawn up a new form of specific risk guaranty contract for use in conjunction with extended risk guaranty contracts. This new form of contract is for use by lenders who are financial institutions or banks. It greatly simplifies the provisions involved and applies directly to the notes so that the guaranty contract is transferable and eliminates many of the difficulties in negotiations over a specific risk contract which might occur. The result should make specific risk guaranties much more easily available to U.S. buyers of certain kinds of notes of private enterprises abroad.

A.I.D. continues to explore possible applications of Recommendation No. 20. To date, however, we find that institutional investors are only interested in 100% coverage.

Recommendation No. 21: Status in February 1966

"We recommend that, in the administration of its aid programs in the less developed countries, United States representatives be instructed to subordinate other objectives to that of securing the economic and social development of the less developed nations. In this connection, it should be recognized that United States interests are usually best served by testing any project in these terms, rather than in terms of whether the project would affect the competitive position of particular branches of United States industry or United States agriculture."

The foreign assistance program is part of the total U.S. effort to achieve its foreign policy objectives. In general, we agree with the Committee's statement, recognizing, as does the Committee, that there may be cases where other policies and objectives may outweigh the objectives of pure economic development.

Recommendation No. 21: Status in July 1966

No change.

SECTION 4: DEVELOPING HUMAN RESOURCES

Recommendation No. 22: status in February 1966

"We strongly urge AID, in reviewing and responding to a country's development strategy, to place major emphasis upon the planning, host country commitments to, and the execution of educational programs. In such programs, we urge AID to use every means to tap the rich resources in United States universities, labor unions, cooperatives, business enterprises, professional societies, and other non-governmental entities which have something to offer to the educational process."

A.I.D. fully endorses this recommendation. The desirability of increased emphasis on the place of education in the development process has been recognized by the President in the 1966 Foreign Aid Bill and in the proposed International Education Act of 1966.

Over the years a high proportion of A.I.D. loan and grant funds have gone into educational fields at all levels. Some 350 separate projects in the educational field are now underway, of which approximately 140 are being carried on by U.S. universities under A.I.D. funded contracts.

A.I.D. is attempting to ensure that all possible U.S. private resources be utilized in this field as well. For example, in Latin America 17 Worker Training Centers are being operated by the American Institute of Free Labor Development with A.I.D. funding support.

Recommendation No. 22: status in July 1966

The Foreign Aid legislation now before the Congress strongly emphasizes educational programs. It, together with the pending International Education Act of 1966, demonstrates that the Administration fully shares the Committee's views.

Recommendation No. 23: status in February 1966

"We recommend that, in selected cases, AID partially finance the sale of technical, professional or managerial assistance from United States organizations to entities in less developed countries, and that the subsidy contribute not only to the costs of the assisting enterprise but also to the costs of searching out and finding the appropriate source of such assistance."

A.I.D. shares the Committee's view of the importance of insuring an adequate transfer of technical information to enterprises in the less developed countries. There seem to us to be several possibilities for establishing or supporting institutions that can be called upon to carry out this proposal. The program of the International Executive Service Corps, a private organization which in its early years is receiving substantial funding from A.I.D., is very promising. In the fall of 1965, A.I.D. decided to continue funding this project at a substantial level for another year. The IESC is now operating in 20 less developed countries. Approximately 151 projects have been completed, are currently underway, or have had a volunteer assigned. The planned project level for Calendar Year 1966 is 250.

A.I.D. recently has asked VITA (Volunteers for Industrial Technical Assistance), also a non-profit, privately managed organization, to consider the possibility of VITA becoming A.I.D.'s principal source of technical industrial advice in response to inquiries generated from and through A.I.D. Missions.

In selected situations, A.I.D. is subsidizing part of the salaries of U.S. technicians engaged in improvement of operations in host country development banks. A typical example is the A.I.D. contribution which makes it possible for the Industrial Development

Bank of the Sudan to maintain the services of a competent U.S. technician.

In Nigeria, A.I.D. has made it possible for the development bank to hire experienced U.S. personnel as loan application reviewers.

Taking the recommendation more broadly, A.I.D.'s technical and financial assistance to productivity centers, business and vocational schools and research institutes help fill the need for this kind of assistance.

A.I.D. loans usually provide for the hiring of technical experts from the private sector to act as advisors.

For example, the loan made in 1965 to two large chemical enterprises in Korea engaged in the manufacture of fertilizer, the Khinhee Chemical Company and the Yongnam Chemical Company, included the cost of U.S. engineering services as part of the loan. A loan to a private Brazilian cement company, authorized in August 1965, provides funds for engineering advice to the borrower.

Recommendation No. 23: Status in July 1966

A.I.D. does not believe that it is appropriate or administratively feasible to involve itself in the selection of particular commercial transactions involving the transfer of technology from a private U.S. firm to a private firm in a LDC which would receive special subsidy support. However, A.I.D. fully shares the views of the Committee on the importance of insuring an expansion of the transfer of technical, professional and managerial assistance. We believe that our efforts should be directed to supporting and strengthening institutional mechanisms which will increase the flow of skills and knowledge.

A.I.D.'s continuing support of the International Executive Service Corps is illustrative of this approach. Current IESC activity is summarized in the following table:

Summary of project activity (as of June 15, 1966)

	Completed	Active	Executive assigned	Other projects accepted	Total
Central America (74):					
Costa Rica.....	6	1	1	1	9
El Salvador.....		6	3	9	18
Guatemala.....				5	5
Honduras.....	3	1	1	5	10
Mexico.....				1	1
Nicaragua.....	6	1	4	7	18
Panama.....	8	1	1	3	13
South America (27):					
Bolivia.....				1	1
Brazil.....	7	1		7	15
Chile.....	1			1	2
Colombia.....	1		1		2
Paraguay.....				1	1
Peru.....	3		1		4
Venezuela.....	2				2
Middle East (56):					
Ceylon.....				3	3
India.....			1	1	2
Iran.....	12	7	3	14	36
Lebanon.....		1		9	10
Turkey.....			1	4	5
Africa (2):					
Ghana.....		1			1
Nigeria.....			1		1
Far East (50):					
Korea.....				2	2
Philippines.....	2	2	2	6	12
Singapore.....		1		4	5
Taiwan.....	5	1	2		10
Thailand.....	7	6	1	7	21
Total.....	63	30	23	93	1209

¹ Total count does not include 17 projects which have been withdrawn.

The planned project level for the balance of the calendar year 1966 is 250.

Another illustration of the institutional approach is the current negotiations that A.I.D. is continuing with VITA (Volunteers for Industrial Technical Assistance), a non-profit organization managed and directed by prominent businessmen and scientists, to provide a technical inquiry service directed primarily to the solution of problems confronting small and medium sized private businesses in the less developed countries.

A.I.D. hopes to enter into an agreement with VITA to provide funding support sufficient to permit the organization to sharply expand its activities.

Recommendation No. 24: Status in February 1966

"We urge AID to actively promote the development of management schools and vocational institutions in the less developed countries capable of generating the manpower needed for the management and operation of a society based on principles of private enterprise, cooperative ventures, and other non-centralized enterprise forms. We also recommend that AID survey the possibilities of more extensive use of facilities

of American-owned subsidiaries and affiliates in the less developed countries for training purposes; and that it undertake to provide financial support, using local currency as available for such added training activities as these enterprises or other organizations might be willing to undertake with the use of these facilities."

We agree that the shortage of qualified management personnel is a serious obstacle to satisfactory economic development. Although we are supporting a number of management schools and vocational institutions, a broader effort is required. Our successes and failures are now being evaluated.

A three man team from the Harvard Business School supported by A.I.D. and headed by Mr. George Lodge, Director of International Activities, is in Tunisia now assessing the needs for a program to bring the Faculty of Business Administration and Economics of the University of Tunisia to an adequate scholastic level. The school was established under an original A.I.D. loan of \$1,800,000 granted in 1963.

In Brazil, the Sao Paulo School of Business Administration, built through an A.I.D.-financed contract, is a successful manage-

ment training institution with an outstanding reputation in Latin America.

We support the concept and activities of the International Center for the Advancement of Management Education, as well as other private groups. ICAME is in touch with some 55 business schools in 25 countries which have 4,000 full time graduate students, 35,000 undergraduate students and some 3,000 full or part time faculty members.

The American Management Association is assisting A.I.D. informally to investigate the possibility of greater use of American affiliated firms for training purposes and to help us develop an appropriate action program. Thus far, two firms have shown positive interest. Our tentative conclusion is that this kind of program can best be carried out by pooling the resources of several companies located in the same area.

Recommendation No. 24: Status in July 1966

A.I.D. continues to provide funds and technical assistance for the establishment, equipment and upgrading of management, vocational and trade schools. The importance of developing management and technical skills is emphasized in the country programs of virtually all A.I.D. missions, and they are conscious of the need to refine and improve on these projects. As recently as June 27, 1966, A.I.D. authorized a contract under which five members of the faculty of the Harvard Graduate School of Business Administration will initiate a five-year program for the creation of a Center for Advanced Management Studies in Tunisia. A.I.D. is continuing to canvass the possibility of using American-owned plants in the less developed countries for training purposes and is cooperating with the OECD in making a pilot survey of training activities in the LDC's of private firms. An interim report by the OECD secretariat suggests that there are real possibilities of expanding these efforts through government support of the private firms. A.I.D. believes that joint sponsorship of new institutions, such as accounting schools, by a group of foreign private investors is particularly promising and stands ready to consider appropriate government support.

Recommendation No. 25: Status in February 1966

"We recommend that AID and the Export-Import Bank review their present policies for extending guaranties and export credits to exports of technical and professional services destined for the less-developed areas, with the object of eliminating any remaining disparities of treatment between exports of services and exports of goods."

A.I.D. and the Export-Import Bank have reviewed their policies in response to this recommendation. The Export-Import Bank is the primary source of guaranties and credits covering export sales of technical and professional services. Early in 1966 it decided to increase its coverage for the export of technical services.

A.I.D.'s Specific Risk Investment Guaranty Program does not cover export sales; it covers long-term investments. However, contracts running longer than five years for the provision of technical and professional services, as well as patents, processes and other technical information, may be covered under A.I.D. programs provided the agreement is not a simple sale of services on current account or short payment terms. Exports of services which are contributed for an equity interest are also eligible for coverage.

Recommendation No. 25: Status in July 1966

The Export-Import Bank has recently indicated that it is prepared to give guaranty contracts against political risks for the equipment of construction contractors while it is abroad. A.I.D. has been willing to write

such insurance for a considerable period of time.

Recommendation No. 26: Status in February 1966

"We recommend that AID finance increased research imaginatively related to the agricultural, industrial, educational and administrative needs of the less developed countries. In some of these fields, such as agriculture, education and administration, the research would no doubt have to draw heavily upon United States resources, of the sort that can be provided by universities, agricultural research institutions and the like; but the experimentation itself would usually take place in the less developed areas themselves and should be directed towards strengthening research institutions and capabilities within these areas. Defining the problems to be studied and identifying qualified research capabilities requires of AID considerably more skill and more effort to involve the less developed countries than has heretofore been characteristic. Some of this activity might be financed by United States owned local currency where available."

An intensive examination of the direction and administration of A.I.D.'s research program in agriculture, industry, education and administration has recently resulted in a reorientation of the program in the direction suggested by the Committee. Research objectives have been more sharply defined and a number of administrative improvements put into effect. For example, research institutions are being developed in the less developed countries. Illustrative is the current planning for an institute of industrial technology and applied science in Korea. Another example is a new combined research and agricultural extension field project in Brazil.

A.I.D., together with the Ford, Rockefeller and Kellogg Foundations, will join in an effort to upgrade the Colombian Agriculture Institute. The effort will be directed at improving research, extension and the supporting educational capabilities. A.I.D., through a contract with the University of Nebraska, will devote itself to bringing the curricula of three Colombian universities into line with the demands for trained technicians that will be occasioned by refinements in the research and extension organizations. It is planned to employ as many as 20 U.S. university professors in the three Colombian schools.

The Agriculture Research Committee of A.I.D.'s Office of Technical Cooperation and Research has approved a Mississippi State University seed production research proposal that is particularly relevant to several of the recommendations of the Report. The project will investigate the reasons why U.S. private seed producers have not expanded their production of seeds in the less developed countries and devise ways of encouraging them to do so. Included in the scope of work will be an intensive study of those factors now apparently acting as a disincentive to further investment in this field and the determination of what changes are in order. The study will be carried out in 23 countries and its deliberations would be assisted by an advisory committee of representatives of FAO and the foundations.

Recommendation No. 26: Status in July 1966

A.I.D.'s Research Advisory Council has recently commended the Administrator for sharp improvement in both the substantive content and administrative conduct of A.I.D.'s research program. Especially noteworthy progress has been made in the agricultural field.

A particular effort is being made to increase the research capabilities of institutions in the less developed countries. A good example is A.I.D.'s support of the newly constituted Korean Institute of Science and

Technology. Broad scale support to the Institute is being provided by the Battelle Institute under an A.I.D.-financed contract. *Recommendation No. 27 Status in February 1966*

"We recommend that AID assist in financing the development of appropriate non-profit institutions in the less developed countries and that it finance the development of links between such organizations and their counterparts in the United States, through which technical assistance could be effectively provided. Assistance of this sort could take many forms, from such familiar activities as assisting educational institutions to supporting public forums and discussion groups. We see this activity, too, as a fruitful possibility for the expenditure of United States-owned local currencies."

A.I.D.'s assistance to existing voluntary agencies, guided by the Advisory Committee on Voluntary Aid, has produced excellent results. In many instances the programs of these agencies have changed from charitable operations to technical assistance efforts in a variety of fields. Community development and educational projects are being worked into the programs of the voluntary agencies in increasing numbers. At the field level a start is being made in unified planning between A.I.D. Missions and the voluntary agencies active in each country. Some Missions, Vietnam for example, now have a resident staff member working exclusively on such coordination.

A.I.D. has an increasing number of contracts with cooperative agencies, savings and loan associations, credit and labor unions, which are designed to encourage the establishment of counterpart organizations in the developing countries. The Report has further stimulated this trend. In addition, this recommendation will be given further consideration in connection with Recommendation No. 31.

Recommendation No. 27: Status in July 1966

See Recommendation 31.

SECTION 5: SOME ISSUES OF ORGANIZATION

Recommendation No. 28: Status in February 1966

"We urge the Congress to encourage not only well-conceived project loans but also well-conceived program loans in the administration of United States aid, especially when such program loans would stimulate the local private sector to a greater contribution in the process of social and economic development."

In FY 1966, to date, A.I.D. has authorized six program loans totalling \$362,500,000. Disbursement of these loans is generally by installments. The release of each installment is conditioned on achievement by the recipient of specific economic performance criteria and reforms, many of which are designed to stimulate the private sector such as monetary stabilization measures and import control liberalization.

Recommendation No. 28: Status in July 1966

During Fiscal Year 1966 A.I.D. authorized 13 program loans totalling \$822 million.

Recommendation No. 29: Status in February 1966

"We recommend that AID expand and improve its organization both in Washington and in the principal missions abroad so that it is appropriately staffed with persons who, by experience and competence, are capable of acting as an effective conduit between the private sector and the official aid organization. In this connection, we urge AID to take steps to establish a basis for co-opting men from the private sector for rotation back to their permanent organizations after a tour with AID."

Starting in 1962, A.I.D. has made a particular effort to respond to the concerns re-

flected in this recommendation. A number of experienced business executives have been brought into the Agency either as direct hire personnel or as consultants. Mission and Washington private enterprise organization is being continuously studied. Recently Korea and Thailand Missions have expanded their private enterprise staff and realigned certain other duties to bear more on private sector development. The Turkey Mission is planning to have a private enterprise officer resident in Istanbul.

In each of the principal missions one or more senior private enterprise officers have been designated. The Agency's Fiscal Year 1967 budget submission and Fiscal Year 1966 manpower allocations reflect an increase in mission direct-hire staffing for projects affecting private enterprise, and increased use of contractor personnel from private American institutions, although total Agency direct-hire staffing will remain virtually level through Fiscal Year 1967, except for Vietnam.

In Washington, the Africa Bureau of A.I.D. has split off private enterprise activities from the Capital Development Office. This new Office of Private Enterprise will report directly to the Assistant Administrator for Africa.

In the Bureau for the Far East and in the Bureau for Near East and South Asia, the functions of handling capital and technical assistance projects for stimulating the local private industrial sector and encouraging U.S. investment in less developed countries have been consolidated within a single unit headed by a senior officer. In the Bureau for Latin America, the region where lesser-developed countries' private sectors are most vigorous, there are separate units for housing and urban development, loans to private enterprise, cooperatives, labor and marketing programs.

To be fully satisfactory, a system of co-opting men from the private sector should protect accumulated pension rights and other fringe benefits derived from their permanent organization. However, this creates difficult to resolve conflict of interest problems. A.I.D.'s Office of Personnel, together with the General Counsel, are exploring possible solutions.

Recommendation No. 29: Status in July 1966

The sense of priority which the Committee's recommendations have given to the many facets of our private development programs has been and continues to be reflected in the allocation of positions in Washington and the field and all out efforts to attract the best men to fill them.

Recommendation No. 30: Status in February 1966

"We commend AID for its increasing use of contractors in the handling of specialized tasks and urge the Agency to extend this practice."

The trend towards the use of contractors in the handling of specialized tasks, noted with approval by the Committee, continues. Conversations with the investment banking community are currently underway to explore possible bases for contractor relationships for the purpose of identifying and promoting specific investment opportunities. This is an extension of the well established practice of using management consultant firms. As noted in other parts of this Report, the range of specialized tasks for which A.I.D. is turning to outside contractors in constantly being extended.

Recommendation No. 30: Status in July 1966
No change.

Recommendation No. 31: Status in February 1966

"We recommend that the Administration formulate specific proposals aimed at creating one or more organizations which could increase the technical assistance commitments of private groups and in time more

effectively administer publicly-funded technical assistance programs in coordination with those which are privately funded. In view of the urgency of the problem, such proposals should be prepared in time for consideration and adoption in next year's AID program."

A task force within the Agency is in the process of evaluating: (a) A.I.D.'s current support of a number of private groups engaged in technical assistance; (b) those areas where A.I.D. purposes are not now adequately served and ways of strengthening the capacity of the professional community to serve them; (c) existing institutions which might provide the base upon which to build one or more autonomous groups as recommended in the Report; and (d) A.I.D.'s internal organization and method of dealing with the non-Federal technical assistance resources in an effort to improve this relationship.

The recommendation has also been discussed with the Advisory Committee on Economic Development composed of leading professionals in development economics and social science. The task force has begun a series of interviews with professional operating personnel and appropriate institutions and individuals outside the Government for their views. From these investigations will be drawn action recommendations for the Administrator.

Recommendation No. 31: Status in July 1966

The Agency has two evaluations underway related to both Recommendations 27 and 31:

1. An appraisal of A.I.D.'s internal structure for working with the increasing number and variety of non-government resources in the development program.

2. An evaluation of the mechanisms outside the Agency which are being used to encourage and enlarge the available resources—in the academic community, the business, industrial, labor, savings and cooperative fields.

As a result several tentative proposals have emerged. These will be considered by the executive staff at an early date and in the light of new language included in the Foreign Assistance bills now before Congress.

Recommendation No. 32: Status in February 1966

"(1) We commend AID on its initiative in seeking the creation of a binational non-profit foundation in India. We urge AID to press forward with this experiment as a matter of high priority.

"(2) We urge that, if initial indications are encouraging, the experiment be repeated in other countries where local conditions are favorable."

In the Message on International Education and Health of February 2, 1966, the President said:

"We have at our disposal excess foreign currencies in a number of developing nations. Where conditions are favorable, I propose that significant amounts of these currencies be used to support *Bi-National Educational Foundations*. Governed by leading citizens from the two nations, they would have opportunities much like those afforded major foundations in the United States to invest in basic educational development."

Recommendation No. 32: Status in July 1966
No change.

Recommendation No. 33: Status in February 1966

"We recommend that AID draw up a plan for staffing the recommendations proposed in this report, and that the Congress and the Executive Branch give sympathetic consideration to the AID proposals."

It is too soon to establish an overall plan for staffing the recommendations contained in the Report, and it is probable that this can best be done piecemeal, as work proceeds and different projects are worked out. The

requirements of each Regional Bureau, Staff Office and Field Mission are constantly changing. However, the Committee's recommendations have created a sense of priority for this work which can be expected to be reflected in the allocation of positions and in an intensification of our efforts to attract the best men possible to fill them.

Recommendation No. 33: Status in July 1966

In addition to the central office of Development Finance and Private Enterprise, many other organizational units in A.I.D. are deeply involved in private sector development. The broad range of the Watson Committee recommendations cuts across our geographic and functional units. Accordingly, it has not proved feasible to draw up an over-all staffing plan keyed to each of the Committee's recommendations.

CONCLUSION

The Advisory Committee's Report is of real value to A.I.D. It is functioning as the framework for further development of private enterprise programs. Its words of encouragement are reassuring; its conception of what can be achieved will spur us to greater efforts.

ILLUSTRATIVE OUTLINE OF WORK IN RESPONDING TO RECOMMENDATION NO. 1—KOREA

[Department of State Cablegram]

To: AID/Washington.

From: AID Mission in Korea.

Subject: Private Enterprise Study.

1. USOM has reviewed in detail Watson Committee Report and Reference Airgrams. Study program to be undertaken in Mission devised against background accomplishments, current and planned activities.

2. Focus on investment climate improvement most timely and fits well into Mission strategy and program goals as set forth in recently submitted CAP. In fact such study recognized by USOM as integral part Mission emphasis on export development and modernization industrial sector. Many actions under these headings, as well as much of ongoing activities in public administration area bear directly on and are logical parts of program to improve investment problem.

3. In past year Mission has repeatedly brought to attention of ROKG and business leaders need for good investment climate for both domestic and foreign investment. After decade reconstruction and erratic but unspectacular progress, Korea past two years achieved relatively high rates economic growth, considerable reorientation economic policy in direction and ways conducive to improved investment climate. Past year ROKG taken number steps improve basic economic structure—floating of exchange rate, liberalized import procedures, stabilization measures which have diminished steady inflationary trend of recent years, liberalization of interest rates. Further improvements necessary include savings inducement, improved credit management, financial institutions restructuring, tax revenue improvements, promotion private sector. Also need continuous refinement stabilization measures insure price stability while investment and operating expenditures are met. Need wider Government acceptance value long-range planning, techniques to provide proper blending public, private development plans as vital factor for effective use domestic, foreign resources. In addition, significant positive factor is relative stability of Cabinet and Bureau Chiefs who have now been in office long enough to have gained confidence which in turn has resulted in increased ROKG attention to policy matters rather than expedients. Governmental stability also important to confidence of business community in word of Government. USOM notes improved Government-business relations, particularly where MCI involved. USOM feels accomplishments plus achievement goals cited should result in sharp change economic

climate. Growing confidence country entering period accelerated growth.

4. Following studies to be conducted: (Some will require longer than 90 days to complete.)

A. Analysis all applicable business laws.

B. Survey existing financial institutions; effect on private investment.

C. Current participation businessmen in Government: at what levels business views hears; what degree response to legitimate business needs?

D. Study of and action needed to set up institution for aggressive investment promotion: structure, functions, location, staffing.

E. Definitive evaluation business education and training.

F. Survey labor practices, manpower availability, capabilities.

G. Analysis export and domestic marketing practices use of credit instruments.

H. Analysis recent business failures.

I. Current foreign investments Korea: how initiated problems encountered, how solved.

J. Procedural flow-chart of foreign investment from visa application to start of production.

K. Survey Korean business attitude re foreign investment.

L. Survey Japanese investment opinion re Korea.

5. In conducting studies plan utilize ROKG research capabilities, Government organizations and certain extent business community, as well as available Mission talent. Anton's mid-December arrival be most helpful this regard. Proceeding before October 30 to complete assignments and lay groundwork with ROKG and others for collaboration on study, will advise details. Success in enlisting ROKG energies will in itself be indicator of possible basic problem that while Korea preponderantly private enterprise country, traditional business-government relations characterized as adversarial. Government exerts heavy pressure on business while not providing in many areas services which Government should provide and at same time exercising self restraint necessary allow business make business decisions.

6. Suggest considerable benefit possible through exchange studies from other Missions result Watson Report. Also request AID/W study Korea reputation in U.S. investment community determine actions necessary improve Korea image to alter from popular concept of country engaged in hostilities in 1950s and on semi-permanent sick list. In addition, FYI all USOM divisions requested review proposed activities in latest E-IS to determine practical actions within scope each project area which can contribute to growth private enterprise and improvement investment climate.

AID'S ORGANIZATION IN SUPPORT OF PRIVATE ENTERPRISE

Responsibility in A.I.D. for encouraging and coordinating private participation in the developing process is shared by geographic and functional units at the central staff, regional bureau and field Mission levels.

Primary responsibility for promoting private American investment in developing countries rests in the central Office of Development Finance and Private Enterprise. This Office, headed by an Assistant Administrator appointed by the President, administers the Businessmen's Information Center, Catalog of Investment and Opportunities, and the Investment Survey, Specific Risk and Extended Risk Guaranty Programs. This Office also provides central leadership for the Agency's efforts to promote private enterprise, both local and foreign, within developing countries. In addition, this Office is concerned with the Agency's policies and procedures for dollar and local currency ("Cooley") loans to private borrowers. The

Administration has assigned to the Office of Development Finance and Private Enterprise responsibility for coordinating the Agency's response to the recommendations of the Advisory Committee on Private Enterprise in Foreign Aid ("Watson Committee").

The Agency's other central staff offices also work closely with the U.S. private sector—with universities, foundations, voluntary agencies, labor unions, professional organizations and cooperatives.

At the regional level, each of A.I.D.'s four geographic bureaus has staffs to facilitate private sector activities. The Africa Bureau has a separate Office of Private Enterprise reporting directly to the Assistant Administrator for Africa. In the Bureau of the Far East and the Bureau for the Near East and South Asia, capital and technical assistance staffs responsible for stimulating the local private industrial sector and for encouraging private investment are located in a single unit headed by a senior officer. In the Bureau for Latin America, separate units have been set up for housing and urban development, loans to private enterprise, cooperatives, labor and marketing programs.

These capital and technical assistance staffs in the regional Bureaus, concerned with private enterprise, have their counterparts in A.I.D.'s Missions in the developing countries.

In its efforts to facilitate private participation in development, the Agency benefits from the advice and counsel of a number of advisory committees representing the U.S. private sector. These include the President's General Advisory Committee on Foreign Assistance Programs, the Advisory Committee on Aid-University Relations, the Housing and Urban Development Advisory Committee, the Cooperative Advisory Committee, Labor Advisory Committee on Foreign Assistance and the Advisory Committees on Voluntary Foreign Aid and Health Manpower. The General Advisory Committee has established a separate Subcommittee on the Private Sector, chaired by David Rockefeller. This Subcommittee has a continuing interest in A.I.D.'s response to the Watson Committee's recommendations.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. Is not the principle the same as the amendment that the Senator from Oregon cosponsored with the Senator from New York in the last 2 or 3 years?

Mr. JAVITS. The Senator is correct. That is what produced the Watson committee report. It is the landmark in this field. Now, we were taking it one step further and giving a President's Committee a statutory base and mandate to see to the implementation of the Watson Committee recommendation.

Mr. MORSE. Mr. President, I continue to support those objectives, and I associate myself with the proposal.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CARLSON. Mr. President, I wish to state that I support the amendment of the Senator. I think that the language in the amendment strengthens the language in the present House bill. I think it would be helpful in securing additional supervision in the domestic and private industry section of the foreign aid bill. I think that we need it badly.

Mr. JAVITS. I thank the Senator.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. With respect to the language of the Senator's amendment, I was under the impression that it was the same as the language of the other body.

Mr. JAVITS. It is, but they made a mistake in one word.

Mr. FULBRIGHT. What is the word?

Mr. JAVITS. They used the word "members" instead of the word "number." It is a typographical error.

Mr. FULBRIGHT. I thought it was the same.

Mr. JAVITS. In line with the explanation which the Senator from Kansas [Mr. CARLSON] made, when we do it here we are keying it directly to the Watson Committee report.

Mr. FULBRIGHT. I have no objection to the amendment. It is intended to be the same as the House of Representatives language.

Mr. JAVITS. The Senator is correct.

Mr. FULBRIGHT. Except for that word.

Mr. JAVITS. The Senator is correct.

Mr. FULBRIGHT. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS]. (Putting the question.)

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(At this point, Mr. CLARK assumed the chair.)

Mr. McGEE. Mr. President, on behalf of myself and the Senator from Alabama [Mr. SPARKMAN], I am offering an amendment to the pending foreign aid authorization bill, S. 3584, to provide a 2-year authorization for the economic side of the foreign aid program, rather than the 1-year authorization which was reported from committee.

A similar amendment has also been proposed by Senators JAVITS, FONG, HARRIS, INOUE, MOSS, and NELSON, who I understand will now want to add their names as cosponsors of the amendment Senator SPARKMAN and I are offering. We welcome their participation on the amendment to provide a 2-year authorization for the economic aid program.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. JAVITS. Mr. President, this is a wise and objective lesson which demonstrates that we are not all tigers in pursuit of every headline that is around. We believe this measure would be best served from within the committee itself.

I have talked with the Senator from Wyoming [Mr. McGEE], who suggested to me that he and the Senator from Alabama [Mr. SPARKMAN] would sponsor this amendment if it were agreeable to us.

I will consult with my cosponsors overnight, inasmuch as this has come up rather suddenly. On behalf of myself, as the principal sponsor, we do want to

have it agreed to. We will have a chance to debate the issue as it goes along.

I am happy to join with the Senator from Wyoming [Mr. McGEE] and the Senator from Alabama [Mr. SPARKMAN] in this effort.

Mr. McGEE. I thank the Senator from New York. I shall not speak at length on the measure. I will speak with regard to the matter tomorrow when it is the pending business.

At this point I would explain that the amendment provides a 2-year authorization for every aspect of the economic assistance program. It does not affect the military assistance program which, of course, will be before the Senate in a separate bill at a later date.

I ask unanimous consent to have printed in the RECORD at this point a technical explanation of the amendment as well as the text of the amendment.

There being no objection, the explanation and the amendment were ordered to be printed in the RECORD, as follows:

AMENDMENT FOR 2-YEAR BILL

This amendment (1) provides authorization for all assistance categories for 2 years, rather than 1, at the same authorization level for each year as that provided in the committee bill for the one year; (2) authorizes extended risk and Latin American housing investment guaranties for two more years, rather than 1; and (3) extends for 2 years, rather than 1, the requirement for the use of half of development loan and Alliance loan funds to encourage development through private enterprise.

The individual changes made are as follows (In several instances the amendment provides for striking "the fiscal year 1966," rather than striking "1966," as in the Committee bill, so that the language "each of the fiscal years . . ." may be substituted for "the fiscal year . . .", the plural being appropriate for a multiyear bill.):

Page 4, lines 5 and 6—Provides authorization for development loans for 2 years.

Page 4, lines 9 and 10—Extends requirement that not less than 50 percent of development loan funds be available to encourage economic development through private enterprise for 2 years.

Page 6, line 18—Provides authorization for technical cooperation and development grants for 2 years.

Page 6, line 22 and Page 6, line 23—Provides authorization for American Schools and Hospitals abroad for 2 years.

Page 7, line 16—Authorizes extended-risk investment guaranty program for 2 years.

Page 8, line 9—Authorizes the Latin American housing investment guaranty program for 2 years.

Page 10, lines 11 through 17—Provides authorization for the Alliance for Progress for 2 years.

Page 10, lines 19 through 21—Extends requirement that not less than 50 percent of Alliance loan funds be available to encourage economic development through private enterprise for 2 years.

Page 13, line 4 and Page 13 line 5—Provides authorization for the use of not to exceed \$50 million of funds made available under the Act for purposes of the Southeast Asian Title for each of the next 2 years.

Page 14, line 2 and Page 14, line 3—Provides authorization for international organizations and programs for 2 years.

Page 14, line 22 and Page 14, line 23—Provides authorization for supporting assistance for 2 years.

Page 15, line 5 and Page 15, line 6—Provides authorization for the contingency fund for 2 years.

Page 21, line 3 and Page 21, line 4—Provides authorization for A.I.D. administrative expenses for 2 years.

Page 21, lines 6 and 7—Provides authorization for State Department administrative expenses for 2 years.

The PRESIDING OFFICER. Does the Senator call up his amendment?

Mr. McGEE. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The Chair asks unanimous consent that the Senator from Pennsylvania may be joined as a cosponsor of the amendment.

Is there objection? The Chair hears none, and it is so ordered.

Mr. McGEE. Mr. President, on another matter—

Mr. FULBRIGHT. Mr. President, that is out of order.

Mr. JAVITS. Mr. President, I think, if the Senator would yield to me, that the regular order would be served if I asked unanimous consent that the Senator from Pennsylvania, who happens to be presiding in the chair at this moment, may be joined as a cosponsor of the amendment.

Mr. McGEE. Mr. President, it was my understanding that no Senator, even presiding in the Chair, could be deprived of his rights.

The PRESIDING OFFICER. That is what the Chair understands, but in view of the amenities of the situation, the Chair has no objection to permitting the Senator from New York to make the request, and without objection, the request is granted.

The clerk will report the amendment.

The legislative clerk read as follows:

On page 4, lines 5 and 6, strike out "for the fiscal year 1967," and insert in lieu thereof "for each of the fiscal years 1967 and 1968."

On page 4, lines 9 and 10, strike out "year ending June 30, 1967," and insert in lieu thereof "years ending June 30, 1967 and June 30, 1968, respectively."

On page 6, line 18, strike out "'1966' and substituting '1967'" and insert in lieu thereof "'the fiscal year 1966' and substituting 'each of the fiscal years 1967 and 1968'."

On page 6, line 22, strike out "1966" and insert in lieu thereof "the fiscal year 1966".

On page 6, line 23, strike out "1967" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

On page 7, line 16, strike out "1968" and insert in lieu thereof "1969".

On page 8, line 9, strike out "1968" and insert in lieu thereof "1969".

On page 10, strike out lines 11 through 17, and insert in lieu thereof the following:

(1) Strike out in the first sentence the words beginning with "1963, 1965, and 1966," through the words "year 1966" and substitute "1967 and 1968, not to exceed \$543,000,000 which sums are authorized to remain available until expended and, except for not to exceed \$87,700,000."

On page 10, strike out lines 19 through 21, and insert in lieu thereof the following:

(3) In the final sentence, strike out "June 30, 1965 and June 30, 1966," the substitute "June 30, 1967 and June 30, 1968."

On page 13, line 4, strike out "year 1967," and insert in lieu thereof "years 1967 and 1968."

On page 13, line 5, after "use" insert "in each such fiscal year".

On page 14, line 2, strike out "1966" and insert in lieu thereof "the fiscal year 1966".

On page 14, line 3, strike out "1967" and

insert in lieu thereof "each of the fiscal years 1967 and 1968".

On page 14, line 22, strike out "1966" and insert in lieu thereof "the fiscal year 1966".

On page 14, line 23, strike out "1967" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

On page 15, line 5, strike out "1966" and insert in lieu thereof "the fiscal year 1966".

On page 15, line 6, strike out "1967" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

On page 21, and line 3, strike out "1966" and insert in lieu thereof "the fiscal year 1966".

On page 21, line 4, strike out "1967" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

On page 21, lines 6 and 7, strike out "the fiscal year 1967" and insert in lieu thereof "each of the fiscal years 1967 and 1968".

Mr. McGEE. Mr. President, may I ask the Chair for the parliamentary status of the question? Is the pending business the proposed amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. McGEE. Mr. President, regarding the AID bill, in general, let me suggest, in terms of the AID budget request and the program now pending, that we should more carefully focus on the application of that program and its emerging consequences in southeast Asia in general and in Vietnam in particular.

It was my opportunity to make a recent visit over there a few weeks ago—my third trip to Vietnam—at which time I took it upon myself to look at the AID projects in particular, especially the newly emerging constructive programs which we are seeking to bring into being in the wake of the pending military moves which are now looming larger than ever on the horizon.

Because the military side of this question makes for, let us say, more fetching headlines from day to day, occasionally we lose sight of the nonmilitary efforts which have long been underway in that war-smitten part of the world.

When I was first there in 1959, there were serious programs underway even then, undertaken against overwhelming odds. Because of the many other forces that worked, the total effect of those programs, for example, in the realm of land reform, community reorganization, or reinstitution of many community activities in some areas of the country, were not given a full opportunity to come into play.

Even so, the seeds sown in those early economic programs are now beginning to bear fruit, many years later, and we are benefiting and profiting from those long-term measures which were undertaken in the early days of the Diem regime.

I mention this, because it is a commonplace generalization—and an inaccurate one at best—to suggest that we have been able to get nowhere with economic development in that part of the world.

The hard fact is that the faces of many of the small villages in South Vietnam have already been materially changed because of our economic indulgences there many years ago.

The fact is, one of the main reasons for the sharpening of guerrilla activi-

ties and the sudden decision, through the National Liberation Front, to move into Vietnam when they did in the early 1960's seemingly was to throw off balance the economic gains even then being made.

Their hopes, through sowing dissent, confusion, and disaster, to capitalize on the distraught conditions in that part of the world, seemed to be disappearing as viewed at least in Hanoi and points further north.

Therefore, there are those who make a rather substantial case that would suggest the prime reason for the precipitate moves from the north into South Vietnam, when they occurred, were to arrest the economic progress even then being made in 1959 and 1960.

All of those efforts stem from the AID programs that had earlier entered that part of the world. But even with the disruptions that have followed since, and the harsh criticism which has attended the projects of the program in Vietnam in the years which have followed, those gains continue to mount.

A few weeks ago, it was my observation, while in Vietnam, to note that AID had expanded the areas of its concern, and was witnessing an increasing impact in measurable results as a consequence of its endeavors.

Suffice it to say, as a reminder that in the long pull there would have been no military answer in Vietnam—and perhaps I am permitted to say that, in view of my position on that question—but there must be a military shield behind which the answers that civilized peoples everywhere ask time to work out then actually take place, that the ultimate answers in southeast Asia will have to be found in the social, economic, cultural, ethical, philosophical, and diplomatic fronts.

Mr. President, the effort of the Agency for International Development to promote peace and stability in Vietnam has received too little publicity. In fact, AID's support of social and economic development in Vietnam has as much importance in the peaceful settlement of the Vietnam conflict as our military efforts.

Communist aggression exploits the growing expectations for change and progress among peoples of underdeveloped countries. In Europe aid under the Marshall plan helped to strengthen the nations of Western Europe so as to provide sufficient strength and stability to stop Soviet aggression in that area. However, after the Communists took over China our resolve was tested first in Korea and now in Vietnam. We need to check in Vietnam the extension of Communist power in order to maintain a reasonable stability in a precarious world.

In Vietnam the Communists are deliberately exploiting, under a cloak of social revolution, the problems of underdevelopment that the South Vietnamese Government and its people face. These problems are illustrated by the fact that only 45 percent of the population is literate and the annual per capita gross national product amounts to only \$115. Communist guerrillas attempt to drive a wedge between the people and the gov-

ernment by well-organized terrorism, intimidation, agitation and military force. The guerrillas cut off the hand of local government—in order to devastate any hope for governmental assistance—by its campaign of assassination of local officials. For example, in 1964 the Communists killed, wounded or kidnaped about 11,000 Vietnamese civilians of whom about 1,500 were local governmental officials. This attack on local government has not slackened. In fact Communist acts of terrorism averaged about 1,700 a month in 1965, reaching a peak in December of 2,500 incidents.

Our AID program is in the frontline position to defeat this revolutionary warfare of the Communists. Unlike the Communists we really believe in social revolution and AID is the prime mover in this area by promoting change and development in rural Vietnam. The United States has joined with the Vietnamese in a common commitment "to the work of social revolution; to the goal of free self-government; and to the attack on hunger, ignorance and disease." AID assists the Vietnamese Government, both nationally and locally, to improve its effectiveness so that the problems of underdevelopment can be corrected and a feeling of hope for the future is instilled in the local people. AID's programs of social and economic assistance serves to shore up the morale of the people in the face of these intense Communist campaigns of terror and intimidation by giving the people something for which to fight. In reality the Vietnamese and American military forces provide the shield against Communist attack behind which these processes of national building take place. Peace and stability will come in the long run to Vietnam essentially through these AID efforts.

AID's efforts to promote social revolution complements the objectives of the United States in South Vietnam to support the right of the people to elect their own government freely and to decide for themselves without outside force and coercion their own affairs. In developing the institutions to realize this objective AID is supporting the Vietnamese Revolutionary Development program. This program reconstitutes the fabric of Vietnamese society by protecting the local farmer and meeting his basic needs. In this program AID first assists in the training of Vietnamese cadres and locally elected officials who organize the local farmers to protect themselves against the Vietcong and to improve themselves with AID assistance. Immediate needs of a rural community are met such as the construction of a schoolhouse, bridge, irrigation dam, well, or some agriculture project. These communities—formerly exposed to Communist attack and exploitation—are converted into new life hamlets where the people support the government. AID is assisting in the construction of more than 2,000 of these hamlets this year.

Since four-fifths of the population of Vietnam is composed of farmers, AID has put heavy emphasis on agricultural development. During the years 1954 to

1961, rice production—which uses about 80 percent of the cultivated land—increased 50 percent. Production rose another 12 percent between 1962 and 1965. These increases were achieved through the introduction of improved seed, fertilizer, better techniques and the use of insecticides. For example, the use of chemical fertilizers has increased nearly threefold in the last 5 years. A government subsidy allows farmers, particularly those residing in the new New Life Hamlets, to buy fertilizer on an interest-free loan at less than the commercial market price. Besides rice production, AID has attempted to introduce and promote secondary crops in order to diversify the rural economy and improve the local diet. Improved varieties of sweet potatoes, sugarcane, and corn have been introduced with the assistance of AID technicians and their American field representatives.

To meet the needs in education AID has supported a program of building schoolrooms on a self-help basis. Self-help engenders a sense of community spirit and cooperation to further the process of nation building. Some 2,300 schools have been built in this manner to date. AID-supported teacher training programs at the hamlet level have graduated more than 5,500 teachers in the past 3 years to meet the rapidly growing effort of the hamlet people to construct their own schools. More than 6 million textbooks have been printed for this new school population. AID support has also made gains in higher education and vocational training which is essential to providing the know-how for the expanding industrial sector and the modernization of agriculture. Four polytechnical schools and three vocational agricultural high schools have been established with AID assistance and the goal this year is to enroll 10,000 students in these technical schools.

AID efforts to correct primitive health conditions and lack of rural doctors in Vietnam have also been tied to our overall objectives of improving the effectiveness of the Vietnamese Government's efforts to meet the needs of its people and thereby win support of the people. Village and hamlet health stations have been established and stocked with medicine in nearly 6,000 locations. Nearly constructed maternity clinics and dispensaries have helped extend medical services where previously they did not exist. The threat of epidemics and disease has been reduced through 23 million inoculations for cholera, smallpox, plague, and other disease administered in 1965. Eighty-three percent of the population subject to malaria risk is now protected. Even more important for the long-term health needs of the Vietnamese is the expansion of medical school of the University of Saigon so that it can ultimately graduate 200 doctors annually, which would be one-fifth of today's total number of Vietnamese doctors.

One of the foremost needs of the rural Vietnamese people is protection from terrorism, tax ransom and forcible draft. AID's program to expand and im-

prove the Vietnamese national police force has served to meet this need. Just this year 20,000 policemen are being recruited and trained.

In carrying out these revolutionary development programs AID has assigned field representatives in each of Vietnam's 43 Provinces. These Americans are the frontline of the war of social revolution by acting as catalysts in speeding up the Vietnamese Government's efforts to meet local needs and to gain the support of the people.

Since 1954 there has been a consistent pattern of refugee movement within Vietnam from Communist to non-Communist-controlled areas. Besides the nearly 1 million refugees who fled from the Communist regime in the north in 1954, there have been over 900,000 refugees since early 1965 who have sought Government protection and support. AID's refugee relief assist the Vietnamese in relocating these people and providing food, clothing, and shelter.

The predominant factor in the current Vietnamese economic situation is the ever-accelerating increase in demand for goods and service and the consequent shortfall of local supplies in meeting this rising demand. To cope with the growing inflation, AID provides dollar credits through its Commercial Import Program to import commodities to meet shortages. The inflationary pressure is eased while the local currency generated from the sale of these commodities is used to help meet the Government's military and civilian budgets. These AID-financed commodities also provide for the expansion of Vietnam's industrial base.

The United States is not bearing the burden of aid to Vietnam alone, however. Some 34 free world countries are providing assistance. Germany, for example, has made available in loans and grants about \$27 million. Australia has provided technical and economic assistance totaling nearly \$8 million, and Japan has provided about \$55 million chiefly in the form of reparations. More than 10 nations are sending medical teams which help provide for the medical needs of an entire province.

AID, supported by other nations, is fighting with the Vietnamese the battle against underdevelopment which Communist revolutionary warfare is attempting to exploit in its efforts to take control of South Vietnam. AID's support of economic growth, social improvements and new opportunities is dedicated to the development of a Vietnamese nation free of terrorism and coercion in which the people will decide for themselves their own future. AID's efforts toward constructive change and development in Vietnam are essential elements in checking Communists aggression and maintaining reasonable stability in the world during the second half of the 20th century.

In the interests of bringing to bear our concern with our nonmilitary endeavors in Vietnam, I have taken the time of this body to present very quickly and briefly these few thoughts on the AID program in that troubled part of the world.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1967

Mr. FULBRIGHT. Mr. President, on Friday, July 15, during debate upon H.R. 14596, the appropriation bill for the Department of Agriculture, I engaged in a colloquy with the senior Senator from Maryland [Mr. BREWSTER]. The Senator from Maryland called attention to a commodity credit loan made to the Arkansas Grain Corp. in 1964, and he stated that:

The taxpayers lost \$6 million. (p. 15109 of the RECORD).

The Senator was mistaken.

The Department of Agriculture advises me that, as of September 15, 1965, the loan in question had been repaid in full, with interest. Furthermore, even if some portion of the loan had not been repaid, the Commodity Credit Corporation would have received title to soybeans pledged as security for the loan.

The Senator from Maryland also called attention to the amount of this loan, \$16,353,580.93, and stated that the loan was included in "a complete list of all farmers who received over \$25,000 a year in either direct purchases or loans" for the 1964 crop year—page 15093. He neglected to point out that this \$16.4 million loan was made to a cooperative enterprise with over 18,000 individual farmer members. Thus, the loan averaged about \$900 per farmer.

One effect of the amendment then under discussion might have been to deny to farmers the economies they achieve by joining together as a cooperative, and to deny to the Government the economies it achieves by dealing with one borrower instead of 18,000 otherwise eligible farmers.

Mr. President, the amendment offered by the Senator from Maryland was defeated by a vote of 53 to 28.

TWO FARMERS FROM MONTANA GOING TO VIETNAM AS VOLUNTEERS TO TEACH AMERICAN FARMING SKILLS

Mr. METCALF. Mr. President, I was delighted that the Senator from Wyoming mentioned the work which the AID program had accomplished.

Today, I notice that under the auspices of the Agency for International Development, the Federal Extension Service of the Department of Agriculture is sending eight volunteer agricultural workers to Vietnam.

President Johnson has commended these eight agricultural workers who have volunteered to teach American production skills and farming methods to the farmers of South Vietnam.

As usual, as has been the tradition in the Peace Corps, in the armed services, and in many other agencies of the Government, two of these agricultural extension agents are farmers from Montana. So that this group of farmers who were commended by President Johnson for their service in providing American technical and practical aid to

the Vietnamese in their second front war on hunger, poverty, illness, illiteracy, and injustice are being led by two Montana farmers.

Mr. President, I ask unanimous consent that the list of these 8 volunteer workers be placed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Clifford A. Ejergo, country extension agent, Whitehall, Mont. Noble E. Dean, county extension agent, Kallispell, Mont. Arthur L. Gehlbach, county extension agent, Bloomington, Ind. Robert H. Dodd, county agricultural agent, Ponda, N.Y.

James S. Holderness, agricultural editor, College of Agriculture, University of Idaho.

Dennis K. Sellers, director, community action area of four counties, Lovering, Mich.

William E. Schumacher, cooperative extension agent, Catskill, N.Y.

Charles E. Wissenbach, county extension agent, leader for 4-H clubs, Hydenville, Mass.

NEW INVASIONS OF THE PRIVACY OF FEDERAL EMPLOYEES

Mr. ERVIN. Mr. President, for some years the Constitutional Rights Subcommittee has been concerned with the rights of Federal employees to due process and fair play where their jobs are concerned. Each year we see some improvements in the protection of these rights through procedural innovations or judicial decisions. But each year, also, in the interest of achieving greater national goals, we see increasing reliance on methods, instruments, and devices which tend to invade basic rights which an employee should enjoy simply because he resides in a democracy under the type of Constitution which America has always boasted. Currently, for every step forward, the Federal Government seems to be taking two steps back.

Attitudes and procedures affecting Federal employees have a way of pervading our whole society, governing the employer-employee relationship wherever it is found. This is especially true today when in the wake of expanding Federal activities private industries and firms hold contracts with the Federal Government which subject their employees to Federal personnel rules and to Federal industrial security regulations. For these reasons the practices governing Federal employees affect not only 2.6 million or more Federal civil servants, but over 10 million public servants throughout Government in the United States and millions more employees in private industry. These citizens represent not only a large part of our population, but a significant segment of our national economy and a sizable piece of Federal, State, and local governmental budgets.

From the reports coming to the subcommittee, I believe there is now being created in the Federal service a climate of fear, apprehension, and coercion which is detrimental to the health of the service and is corroding the rights of Federal employees. It should disturb every American citizen who takes pride

in his Government and it should disturb administrators concerned about achievement of substantive goals. Psychological testing, psychiatric interviews, race questionnaires, lie detectors, loyalty oaths, probing personnel forms and background investigations, restrictions on communicating with Congress, pressure to support political parties financially, yet restrictions on all other political activity, coercion to buy savings bonds, extensive limitations on outside activities, rules for speaking and writing and even thinking, forms for revealing personal data about finances, creditors, property and other interests of employees and their families—all of these raise due process questions of a substantive nature, for they increasingly shrink the realm of personal liberty and violate individual privacy.

Taken alone, no one of these practices or policies may be important enough to arouse the sustained concern which is sufficiently widespread to result in a complete study of the sources of discontent and action to resolve them. At the most, there is a temporary interest in the more sensational aspects of the practices, for instance, the sex questions on the psychological tests, while the more complex aspects are passed over. However, in the aggregate, they constitute an imposing and alarming collection of practices and devices with infinite potential for arbitrary personnel decisions affecting the jobs and lives of millions.

Today I should like to direct attention to two of the more recent examples which form a part of this growing series of techniques for surveillance and probing.

MINORITY STATUS QUESTIONNAIRE

The first of these is the minority group status questionnaire which, in the interest of insuring "equal employment opportunity," is currently being administered to Federal employees. This form requires the employee to check a box indicating whether he is "American Indian," "Negro," "Oriental," "Spanish-American," or "none of these."

Mr. President, the purposes of the equal employment program are commendable. I do not believe that the Federal Government should discriminate because of race, color, or ethnic background or for any other reason unrelated to the ability to do a job. This is the principle behind the merit system in our civil service, and I firmly support it. However, I do question the reasonableness of the methods chosen to try to attain some of our stated goals. The goal of equality of opportunity for some citizens does not and should not encompass the denial of personal privacy to millions. In our system of government the traditions of due process and the concept of fairness limit the conditions which government can place on its employment. Why should an employee who considers himself an American be asked to sit down with a questionnaire and check what his race of ancestry might be? Whose business is it? The complaints which have poured into the subcommittee by letters, telegrams, and phone calls suggest that many citizens, not just Federal employees, share my concern. The indignation expressed is based almost entirely on resentment as being

asked to supply such information and reflects a deep awareness of the privacy interest at stake here as well as concern over the confidentiality and eventual use of the data.

I ask unanimous consent to submit for the RECORD excerpts from some of these letters.

There being no objection the excerpts were ordered to be printed in the RECORD, as follows:

MAY 17, 1966.

Senator SAM ERVIN, JR.,
Senate Subcommittee on Constitutional Rights.

DEAR SIR: I am a supervisor with a government agency. On May 21, 1966 we will distribute a punch-card questionnaire to all employees on which they are requested to give information about their race, or national origin. I do not believe that this is proper to request that employees of any government agency reveal information of this nature, which would seem to be of concern only to the individual involved. The instructions accompanying these questionnaires indicate, but not pointedly enough, that the completion of the forms is not mandatory. Even though their completion is not mandatory, most employees would not consider that they have the right to refuse to complete them. I believe that this should be unequivocally pointed out in plain language to all employees.

I believe this to be an unconscionable invasion of one's privacy, and another giant step toward the regimentation and destruction of individual rights in favor of the governmental monolith as so graphically pointed out in Orwell's 1984.

Since we in the government service, that is to say most of us, at least, have no unions to fight this sort of encroachment upon our privacy, we must depend on you. Please do not let us down.

Thank you,

DEAR SENATOR: I recently read where your Senate group on constitutional rights was concerned with the recent poll of Federal employees as to their race. When I was asked to fill out the form I was told it was voluntary, which of course it was. What I really object to is the fact that a list of the names of those who elected not to fill out these ridiculous forms was sent to the regional headquarters of the Federal Aviation Agency in Atlanta. I think this was unfair. This survey should have never been taken and if taken should have been handled by the Civil Service Commission instead of each agency handling it.

Thank you,

DEAR SIR: I have just read David Lawrence column on the New Federal Questionnaire on Racial Classification.

I am the wife of an Air Force man (white), I am white also and our 8 children, all white! We have tried to teach our children to not be too conscious of skin color or religion or buck-teeth but rather to see the real persons. What shall we teach them now? Of course, I am not really asking, I know.

A Questionnaire such as this should never even have been thought of. If there is a job to be done, what matter the color of the persons skin who does it. As far as "racial balance" is concerned, it could become so involved & cost so much money and in the end find no answers. No man, black or white, wants to be regimented or balanced—this is not freedom.

My mind becomes a turmoil the more I think of it but one thing is clear—such a questionnaire may seem unimportant in a way but my reaction is no, no it is wrong!

Mr. ERVIN. Mr. President, this new technique is not limited to Federal employees, but was recently extended to private employees when Secretary of Labor Wirtz announced in May a complete reversal of previous Department of Labor policy regarding race identification on employment records. He has said that such identification will now be required on employment records in any situation affecting racial discrimination or membership practices subject to control of the Department.

Secretary Wirtz has said this identification "will always be voluntary" and that procedures are being established to make it clear to any person asked to record his race that it is solely to help fight discrimination. I believe Mr. Wirtz should take a lesson from the experiences of Federal civil servants in this matter of voluntariness.

Despite the fact that the Commission informed the subcommittee that the form was voluntary, that no employee was required to fill it out if he did not wish to do so, the complaints show that this use of the word "voluntary" is mere euphemism. It is totally meaningless. Supervisors, or those charged with administering the program in numerous reported cases did not mention the voluntary nature of the survey; names of those who did not complete the form or return a questionnaire were listed and forwarded—in some cases to regional or head offices—and followup contacts are being made by supervisors to gain compliance. Apparently a number of unfortunate office situations have developed as a result, and employee-management relations reached a low ebb in some cases.

Despite the fact that the Commission assures us the survey reply is confidential, that social security numbers are used instead of names to protect the identity of the individual employee and that replies are placed in sealed envelopes, this is just not so in the many cases reported to the subcommittee. Complete names or the first two letters of names, with social security number and birth dates, are printed on the cards in most agencies, and in one agency, according to reports, employees were denied envelopes.

The inconsistency between Mr. Macy's statement that no employees is required to complete a form and Commission regulations prescribing followup procedures to assure compliance is so glaring as to be ridiculous. Invited to obtain compliance with such ready-made forms as that suggested by the Commission, no administrator worth his salt could afford to be reticent in acquiring replies from his employees.

I ask unanimous consent to have printed in the RECORD at this point the Commission's form together with a memorandum issued in the State Department by the office of the Deputy Secretary of State for Administration is typical of the type of administrative followup which the Commission directive encourages.

There being no objections, the Commission Directive and State Department June 30 directive were ordered to be printed in the RECORD as follows:

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued July 20, 1966
For actions of July 19, 1966
89th-2nd; No. 115

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HIGHLIGHTS: Senate debated foreign aid authorization bill. House committee reported bills to allow planting on diverted acreage and to authorize USDA to hold prepayments of insured FHA loans. Several Representatives submitted measures urging BB to avoid delay in submitting watershed plans.

SENATE

1. **FOREIGN AID.** Continued debate on S. 3584, the foreign aid authorization bill (pp. 15408-32, 15435-38). Adopted a Javits-Gruening (modified) amendment barring aid to the United Arab Republic unless the President determines that such aid is essential to the national interest and will not assist aggressive actions by that country (pp. 15431-2). Rejected, 35-48, an amendment by Sen. McGee to provide a 2-year authorization for the economic side of the program rather than the 1-year authorization which was reported by the committee (pp. 15408-27), after rejecting, 23-64, an amendment by Sen. Lausche to place a 1-year limitation on all programs of aid except the Alliance for Progress and the

- Development Loan Fund, which would be for 2 years (pp. 15421-2). Sen. Tower submitted an amendment intended to be proposed to the foreign aid authorization bill which he stated "would open the way...for the sale to Indonesia of agricultural products under the Commodity Credit Corporation export credit sales program." pp. 15369-80
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2. WATER. Passed without amendment S. J. Res. 167, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. in 1967. pp. 15433-5
 3. LANDS; RELOCATION PAYMENTS. The Government Operations Committee voted to report (but did not actually report) with amendments S. 1681, to provide for uniform, fair, and equitable treatment of persons, businesses, or farms displaced by Federal and federally assisted programs. p. D639
 4. ELECTRIFICATION. Sen. Bennett spoke of the "growing concern by the citizens of Utah with the construction delay of the Bonneville unit of the central Utah project," and inserted a resolution stressing the "vital importance" of the establishment of an economic construction program on this water project." p. 15383
 5. MILK. Sen. Proxmire claimed that the proposed funds for the special milk program for schoolchildren "may well not be sufficient" due to the "growth" of the program participation. p. 15383
 6. WORLD FOOD. Sen. Symington called attention to the "impending crisis of the world food shortage" and inserted a speech by Sen. McGovern, "Agriculture Can Be Prosperous," "pointing out the tremendous potential of American agriculture in world trade." pp. 15383-5
 7. AGRICULTURAL DEVELOPMENT. Sen. Jordan, Ida., spoke of the "magnificent potential for agricultural development" of the arid lands in Idaho. pp. 15398-9
 8. TRUTH IN LENDING. Sen. Douglas inserted three articles in support of his truth-in-lending bill. pp. 15386, 15394-7, 15397-8
 9. ECONOMY. Sen. Mundt inserted an article, "Who's Responsible for the Money Squeeze?" pp. 15387-8

HOUSE

10. WATER. The Foreign Affairs Committee reported without amendment H. J. Res. 1169, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. in 1967 (H. Rept. 1742). p. 15510
The Foreign Affairs Committee voted to report (but did not actually report) H. R. 13825, amended, to authorize the conclusion of an agreement for the joint construction by the U. S. and Mexico of an international flood control project for the Tijuana River; and H. R. 11880, amended, to authorize conclusion of an agreement with Mexico for joint measures for solution of the Lower Rio Grande salinity problem. p. D641
11. TRADE FAIRS. The Foreign Affairs Committee reported with amendment H. R. 15098, to amend Public Law 89-284, relating to participation of the U. S. in the HemisFair 1968 Exposition to be held in San Antonio, Tex., in 1968 (H. Rept. 1740). p. 15510

Home Loan Bank Board. Under the proposal, ceilings for both banks and savings and loan associations would not be mandatory, but could be imposed or placed on a stand-by basis by the appropriate agency, after consultation with the others, in the light of existing conditions."

Attached is the text of the amendments to Regulation Q, Payment of Interest on Deposits, implementing the Board's action.

TITLE 12—BANKS AND BANKING
CHAPTER II—FEDERAL RESERVE SYSTEM
Subchapter A—Board of Governors of the
Federal Reserve System
[Reg. Q]

Part 217—Payment of Interest on Deposits
Maximum rates of interest

1. Effective July 20, 1966, § 217.1 is amended by inserting a new paragraph (g) as follows:

(g) *Multiple maturity time deposit.*—The term "multiple maturity time deposit" means any time deposit (1) that is payable at the depositor's option on more than one date, whether on a specified date or at the expiration of a specified time after the date of deposit (e.g., a deposit payable at the option of the depositor either three months or six months after the date of deposit), (2) that is payable after written notice of withdrawal, or (3) with respect to which the underlying instrument or contract or any informal understanding or agreement provides for automatic renewal at maturity.

2. Effective July 20, 1966, § 217.6 (Supplement to Regulation Q) is amended to read as follows:

§ 217.6 *Maximum rates of interest payable on time and savings deposits by member banks.*

Pursuant to the provisions of section 19 of the Federal Reserve Act and § 217.3, the Board of Governors of the Federal Reserve System hereby prescribes the following maximum rates¹ of interest payable by member banks of the Federal Reserve System on time and savings deposits:

(a) *Time deposits.*—(1) No member bank shall pay interest accruing at a rate in excess of 5½ per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed, on any time deposit, subject, however, to the provisions of subparagraphs (2) and (3) of this paragraph.

(2) No member bank shall pay interest accruing at a rate in excess of 5 per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed, on any multiple maturity time deposit received on or after July 20, 1966, which is payable only 90 days or more after the date of deposit or 90 days or more after the last preceding date on which it might have been paid.

(3) No member bank shall pay interest accruing at a rate in excess of 4 per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed, on any multiple maturity time deposit received on or after July 20, 1966, which is payable less than 90 days after the date of deposit or less than 90 days after the last

preceding date on which it might have been paid.

(b) *Savings deposits.*—No member bank shall pay interest accruing at a rate in excess of 4 per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed, on any savings deposit.

3a. The purpose of these amendments is to decrease the rate of interest that member banks are permitted to pay on time deposits with alternative maturities or with provision for automatic renewal at maturity, defined as "multiple maturity time deposits." Formerly, member banks were permitted to pay interest up to 5½ per cent per annum on any time deposit, irrespective of maturity. (A time deposit does not include a deposit contract that provides for payment in less than 30 days (§ 217.1).) Now, for multiple maturity time deposits with respect to which the depositor is permitted to withdraw his funds only after periods of 90 days or more, the maximum permissible rate is 5 per cent. For those such deposits with respect to which the depositor is permitted to withdraw his funds after periods of less than 90 days, the maximum permissible rate is 4 per cent.

b. The requirements of section 4 of the Administrative Procedure Act with respect to notice, public participation, and deferred effective date were not followed in connection with these amendments because the Board found that the general credit situation and the public interest compelled it to make the action effective no later than the date adopted.

(12 U.S.C. 248(1), 371b, and 461.)

Dated at Washington, D.C., this 15th day of July, 1966.

By order of the Board of Governors.
(Signed) Merritt Sherman,
MERRITT SHERMAN,
Secretary.

[SEAL]

THE FOREIGN ASSISTANCE ACT OF
1966—AMENDMENTS

AMENDMENT NO. 672

Mr. TOWER. Mr. President, I submit an amendment intended to be proposed by me to the foreign aid bill, S. 3584. This amendment would open the way, once again, for the sale to Indonesia of agricultural products under the Commodity Credit Corporation export credit sales program.

The amendment expresses the sense of Congress that the Secretary of Agriculture should again take steps to encourage and facilitate the export to Indonesia of agricultural commodities as authorized by title IV of the Agricultural Trade Development and Assistance Act of 1954, as amended.

My amendment would permit Congress to acknowledge and recognize the change in regime which has taken place in Indonesia within the past year, a change substantially to the benefit of the Indonesian people, I believe, and to the cause of world freedom and peace.

Beginning on September 30 of last year, events were set into motion which have resulted in a decisive defeat for Indonesian Communists. On that date, Communists initiated a coup which they hoped would place Indonesia within the Communist bloc.

I am sure Senators are familiar with the details of the countercoup which freed Indonesia from substantial Communist influence and placed it once again with the community of nations which are relatively independent and

moving toward constitutional government.

The revolt launched on September 30 aroused public ire against the Communists and, with the help of Moslems and people of the countryside, the anti-Communist generals were able to wrest control of the government from subversives and from President Sukarno. Sukarno, it must be noted, had been adopting an increasingly anti-West attitude and is reported to have been aware in advance of a plot to wipe out the anti-Communist leadership in the army.

Back in January 1964, at the start of the 89th session of Congress, I introduced S. 328, a bill to prohibit the furnishing of any further U.S. assistance to Communist-dominated Indonesia. The introduction of S. 328 reflected my concern and the concern of several of my distinguished colleagues, who cosponsored the measure, that Indonesia was succumbing to the influence of Communists in high Government positions. The Senate later adopted my bill as an amendment to the foreign aid bill.

I am hopeful that the government presently in power in Indonesia will be able to rebuild the plundered economy which is the legacy of President Sukarno and of pro-Red elements formerly in influence in his government. Sukarno is no longer in power, not even as a figure-head.

Indonesia now faces a legacy of skyrocketing prices, scarcities of food and other agricultural products, and rising unemployment.

This nation of islands is both militarily and economically important to the West. It is my conviction that we should act now to strengthen the present regime, which seems to be of a persuasion able to deal effectively with the present problems.

American aid to Indonesia was halted at the time of Sukarno's frequent denunciations of the United States. It has not been the policy of the United States to restore that aid even in view of the changed situation which now prevails.

Last April 18, about a year after the United States aid was withdrawn, an announcement was made that we had agreed to sell 50,000 tons of rice on credit to the new Djakarta government. It was emphasized by the State Department, however, that the move was not to be confused with a general shift in policy toward Indonesia, but that it was a "one shot deal" to meet what State called an "emergency" rice shortage in certain areas.

Rice is not, however, the only thing Indonesia needs, and "one-shot" deals do not seem to me wise foreign policy with a struggling, friendly nation.

One of the commodities the Indonesians lack is cotton. One American firm has been trying to obtain credit approval for the sale to Indonesia of 40,000 tons of cotton. This amount of cotton would allow the opening of eight now idle spinning mills in the country, and would be a major contribution in allowing the country to reestablish its economic position.

Wheat also is a needed commodity.

¹ The maximum rates of interest payable by member banks of the Federal Reserve System on time and savings deposits as prescribed herein are not applicable to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia.

² This limitation is not to be interpreted as preventing the compounding of interest at other than quarterly intervals, provided that the aggregate amount of such interest so compounded does not exceed the aggregate amount of interest at the rate above prescribed when compounded quarterly.

It is of some concern to me that we seldom act swiftly enough to curtail aid when the situation demands it, and that neither do we act promptly to reestablish economic assistance to those countries who have demonstrated moves away from communism. There seems to be too great a lag in our reevaluation of these constantly changing situations. If we are going to have an aid program it should be effective and timely.

The time has come for us to recognize the change that has occurred in Indonesia. The governmental situation there is not all that is to be desired, by any means. The country is financially weak, and many problems face the new leaders.

At the same time, our aid there would be used to our advantage. The leaders are nominally pro-West and seem capable to deal with the present problems. There is much at stake to influence the cold war in this country with its 736,000 square miles and a population of about 100 million people.

Indonesia is one of the world's richest suppliers of tin, oil and coal. There are also vast supplies of bauxite, manganese, copper, nickel, gold, and silver.

I urge the Senate to consider the amendment, keeping in mind one of the key objectives of our foreign aid policy—to strengthen nations which demonstrate a striving for self-determination.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

AMENDMENTS NOS. 673 AND 674

Mr. DIRKSEN submitted two amendments, intended to be proposed by him, to Senate bill 3584, supra, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 675

Mr. COOPER submitted amendments, intended to be proposed by him, to Senate bill 3584, supra, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 678

Mr. MORSE submitted two amendments, intended to be proposed by him, to Senate bill 3584, supra, which were ordered to lie on the table and to be printed.

(See reference to the above amendments when submitted by Mr. MORSE, which appears under a separate heading.)

AMENDMENT NO. 679

Mr. DOMINICK. Mr. President, I submit an amendment intended to be proposed by me to the Foreign Economic Aid bill, S. 3584.

The purpose of this amendment is to increase the interest rates on development loans from not less than 1 percent to not less than 2 percent in the initial stage of the loan.

If this amendment is adopted, it will save the American taxpayers over \$6 million per year, the exact savings depending upon the amount finally appropriated by Congress. It will eliminate the situation presently existing where foreign nations are able to borrow at lower interest rates than the lowest rates available to American investors and would reduce the present discrepancy between cost and return on such loans, bringing them more nearly in line with

the market yield on present long-term Treasury bonds.

I reiterate that this amendment would affect only the first 10 years of an outstanding development loan during which the interest rates are much lower than subsequent years. The Foreign Relations Committee has already recommended a similar increase in the minimum interest rates for the second stage of outstanding loans from 2½ to 3 percent.

By reducing the subsidization rate during the first 10 years from the present 3½ to 2½ percent, three objectives are served: the taxpayer is relieved to that extent of the burden he has borne over recent years; foreign capital from the wealthier nations will appear relatively more attractive to foreign borrowers, thereby spreading the aid burden more equitably among our allies; and a clearer delineation between our aid grants and aid loan programs is created, which should point us in the direction of tightening up our heretofore excessively loose foreign assistance programs.

I ask unanimous consent that the amendment be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 678) is as follows:

On page 3, before the period at the end of line 24 insert a comma and the following: "and by striking out '1 per centum' and substituting '2 per centum'".

ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of July 11, 1966, the names of Mr. ALLOTT, Mr. BENNETT, Mr. BOGGS, Mr. BREWSTER, Mr. COTTON, Mr. DOMINICK, Mr. FONG, Mr. GRIFFIN, Mr. HICKENLOOPER, Mr. HRUSKA, Mr. JAVITS, Mr. KUCHEL, Mr. LAUSCHE, Mr. MOSS, Mr. MURPHY, Mr. NELSON, Mr. RANDOLPH, and Mr. TYDINGS were added as additional cosponsors of the bill (S. 3598) to amend the Internal Revenue Code of 1954 to encourage the construction of facilities to control water and air pollution by allowing a tax credit for expenditures incurred in constructing such facilities and by permitting the deduction, or amortization over a period of 1 to 5 years, of such expenditures, introduced by Mr. CARLSON (for himself and other Senators) on July 11, 1966.

ADDITIONAL COSPONSOR OF BILL

Mr. CARLSON. Mr. President, I ask unanimous consent that, at its next printing, the name of the Senator from South Dakota [Mr. MUNDT] be added as a cosponsor of the bill (S. 3598) to amend the Internal Revenue Code of 1954 to encourage the construction of facilities to control water and air pollution by allowing a tax credit for expenditures incurred in constructing such facilities and by permitting the deduction, or amortization over a period of 1 to 5 years, of such expenditures.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSOR OF AMENDMENTS

Mr. KUCHEL. Mr. President, I ask unanimous consent that the name of the distinguished Senator from New Jersey [Mr. CASE] be added as a cosponsor to Amendment No. 638 to Senate bill 3164.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that the name of the Senator from New Jersey [Mr. CASE] be added as a cosponsor of Amendment 610 to S. 316, a bill to extend the Economic Opportunity Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 19, 1966, he presented to the President of the United States the following enrolled bills:

S. 3093. An act to amend the acts of March 3, 1931, and October 9, 1962, relating to the furnishing of books and other materials to the blind so as to authorize the furnishing of such books and other materials to other handicapped persons; and

S. 3150. An act to make further provision for the retirement of the Comptroller General.

NOTICE OF HEARINGS ON S. 2575, TO STRENGTHEN CERTAIN LAWS RELATING TO BANKING

Mr. ROBERTSON. Mr. President, I should like to announce that the Subcommittee on Financial Institutions of the Committee on Banking and Currency will hold hearings on S. 2575, to strengthen certain laws relating to banking.

The hearings will begin on Thursday, July 28, 1966, at 10 a.m., in room 5302 New Senate Office Building.

Any persons who wish to appear and testify in connection with this bill are requested to notify Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, Washington, D.C., telephone 225-3921.

EXECUTIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate proceeded to consider executive business.

The PRESIDING OFFICER. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of Winthrop Knowlton, of New York, to be an Assistant Secretary of the Treasury.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

help to reduce the unemployment lists and to slash charity costs.

To better provide for the needs of the aged, who are the "forgotten poor," I urge extensive revision to the present social security system in accordance with the recommendations of the minority members of the Senate Select Committee on Aging. Further, I urge the creation in the Department of Labor of a program designed to encourage and enhance part-time employment and earning opportunities among the officially retired but often highly skilled and productive senior citizens.

Considerable modifications to existing programs are needed. Project Headstart, which was originally proposed by Republicans, has been the most successful of the new antipoverty programs but to assure its full potential I urge that it be administered by the Office of Education and that its funds be approximately doubled.

In addition to the above recommendations on public training and placement, I would urge a more effective system of evaluation for Job Corps applicants, greater cooperation with local businesses, labor unions and civic groups, and improved discipline in the camps lest the growing number of unsavory incidents serve to endanger this whole endeavor by creating resentment and fear in the local communities.

In regards to the community action program, I recommend that the affected persons be given greater representation on the community action boards so as to assure the poor a fuller involvement in the solution of their problems. I would also urge more funds be made available for rural areas.

As the entire antipoverty effort could conceivably be discredited by a frustrated and disillusioned American public, I urge the establishment of a select committee of Congress to better assure congressional supervision of the antipoverty programs and to help restore public confidence.

Mr. President, enactment of the above recommendations will help to accelerate the effort to reduce poverty. But we need to be continually reminded that even the most skillfully designed antipoverty programs will go for naught if we fail to maintain a growing and stable economy. It is economic growth without spiraling inflation which provides the best opportunity for the ultimate eradication of poverty. However, at the moment, one side of this equation is dangerously out of balance.

Mr. President, I stated earlier that one of the cruel ironies of the war on poverty has been the creation of expectations that cannot be fulfilled by the administration's programs. Yet, Mr. President, there is another cruel irony to the administration's war on poverty. Within the past year the rate of inflation has been significantly accelerated. Inflation is harmful to all and damaging to the entire economy, but it strikes most cruelly at the poor. Thus, it is in recent months that the poor have seen the purchasing power of their already meager incomes steadily diminished. This inflation is primarily the result of the failures

of the administration to manage this Nation's monetary and fiscal policies in the manner necessary to the maintenance of stable purchasing power.

This failure to control inflation serves to compound the frustrations of the Nation's poor who are increasingly disenchanted by the gap between promise and performance.

Mr. President, the Economic Opportunity Act of 1964 is but one of an impressively long list of legislative packages proposed and promoted by the Johnson administration. But I would suggest that the measure of a particular administration's contribution is not to be found in the number of bills it signs into law but how effectively it deals with the pressing problems of the day. To govern successfully an administration must be concerned not simply with the passage of laws but with the attainment of genuine solutions to genuine problems. The problems of our age are not to be solved by political proclamations.

The record of the war on poverty is but yet another example of the ever-present gap between words and deeds, between promises and results which tragically have become the hallmark of the administration. The administration's lack of credibility is not limited to Vietnam. The seeds of this growing crisis of confidence are to be found in a politically distorted view of government by consensus. Prolonged exposure to this type of performance not only magnifies the intensity of the administration's political opposition but increasingly alienates its potential supporters. Thus it is that in the war on poverty as with the war in Vietnam, many of the administration's early and most vigorous supporters have now become some of the most bitter critics, and the fact that those whom it is intended to help are increasingly open and bitter in their criticism of it, is damning evidence of its failure.

THE AIRLINES STRIKE

Mr. BYRD of West Virginia. Mr. President, I am today advised by the Department of Labor that the next and last step, in any effort by the Government to settle the issues and end the airlines strike, is for the President, on his own initiative, to report to Congress on the strike and ask for legislation.

The airlines fall under the jurisdiction of the Railway Labor Act, which has a different procedure than that contained in the Taft-Hartley law. First, there is an attempt at mediation by the National Mediation Board, which reports to the President on its findings. The President then appoints a special panel to make recommendations. The senior Senator from Oregon [Mr. Morse] headed this body which recommended various solutions to the President. By law, there can be no strike during the time that this body meets. The union was not satisfied with the panel's recommendations and the strike began. That is as far as the Railway Labor Act goes in regard to labor-management differences.

Accordingly, I have today sent a telegram to the President stating that I

stand ready to support any reasonable legislation which he considers appropriate for effectively resolving the issues in the airlines strike.

I ask unanimous consent to insert in the Record the telegram which I sent to the President.

There being no objection, the telegram was ordered to be printed in the Record as follows:

JULY 19, 1966.

THE PRESIDENT,
The White House,
Washington, D.C.:

I urge the use of all available resources in an effort to resolve the current strike by the International Machinists against five major airlines.

The strike, now in its eleventh day, is no closer to settlement, according to the press, than when it started.

Meanwhile, non-struck airlines, buses, and trains are overloaded, thus jeopardizing the safety of and greatly inconveniencing the traveling public, and the economy of the Nation is being disrupted.

The American people, who, through their own tax dollars, have supported and subsidized the airlines industry, have a right to protection against a strike which vitally affects the comfort and safety of everyone and which is destructive to the commerce and industry of the Nation.

I support the steps taken by the President's fact-finding board and government mediators, but if efforts to resolve the strike are not to prove fruitful, I stand ready to support any reasonable legislation which you and Department of Labor consider appropriate for effectively resolving the issues in the airlines strike.

ROBERT C. BYRD,
U.S. Senator.

NORTH VIETNAM AND THE AMERICAN PRISONERS OF WAR

Mr. COOPER. Mr. President, North Vietnam will make a grievous mistake if it will regret for a long time if it tries American prisoners of war.

North Vietnam signed the Geneva Convention, which forbids trials and inhuman treatment of prisoners of war. If North Vietnam even tries American prisoners, let alone punishes them, it is a gross violation of the treaty it has signed. But beyond that, it would be an unconscionable violation of civilized conduct.

It could provoke responses which would increase and increase into total barbaric conflict.

My major concern right now is for these men who are only there because they obeyed lawful orders in defense of our country.

The United Nations should assume its responsibilities. The Soviet Union—one of the cochairmen of the Geneva Conference on Vietnam—should assume its responsibilities to recall the Geneva Conference and not encourage war and such uncivilized treatment of war prisoners.

The possibility of a trial of these prisoners, and the unknown ultimate results of such a trial, should shock the conscience of the world, and ought to lead every country in the world to express its condemnation.

It ought to lead every country to assist the United States, the United Nations, and the International Red Cross in protecting the American prisoners.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

FOREIGN ASSISTANCE, 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wyoming [Mr. McGEE].

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it is my understanding that during the debate on the pending measure yesterday there were some questions raised as to whether or not the commitment of U.S. military forces may be implicit in the extension of U.S. assistance under aid legislation.

On Friday last I received a letter from the Secretary of State, Mr. Dean Rusk, having to do with this question, in which he brings forth a most candid and welcome clarification of this question, which I read to the Senate at that time.

Mr. President, I ask unanimous consent that this letter, which clarifies the situation and which was brought to the attention of the Senate yesterday, dated July 15, 1966, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 15, 1966.

DEAR SENATOR MANSFIELD: I have noted recent expressions of concern in the Senate over whether the Administration views the extension of aid to a country as a commitment to defend that country with United States troops if it is attacked. I think it important that any confusion on this issue be removed before the Senate considers the 1966 Amendments to the Foreign Assistance Act of 1961, and I would appreciate it if you would bring this letter to the attention of the members.

AID legislation relates to furnishing economic and military assistance to foreign countries. It has no bearing on commitments to employ United States forces to assist in the collective self-defense of other countries. Such commitments are made, pursuant to our laws and the Constitution, where the national interest so requires and not because the United States is or is not supplying the foreign country in question with foreign aid. In short, our aid program neither implies nor prohibits a commitment

to use our armed forces in cooperation with the self-defense efforts of a foreign country.

This question has apparently arisen out of the discussion of Southeast Asia. I have stated to Congressional committees and elsewhere that each Administration since World War II has concluded, as a matter of policy, that the security of Southeast Asia was important to the security of the United States. This policy has been supported in a variety of ways. We have furnished substantial economic and military assistance to the countries in Southeast Asia. A specific security commitment was contained in the SEATO Treaty which applied directly to the signatories and to the protocol states. This commitment was reaffirmed by the Joint Resolution of Congress of August 10, 1964. The security commitment did not arise from the AID programs but from the formal and solemn action taken by the United States in accordance with its constitutional processes. I hope this distinction will now be clear.

Sincerely,

DEAN RUSK.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. I wish only to say that I have seen a copy of the letter. The Secretary has made at least two different statements—I think there have been three. There were two statements before the committee and one in Las Vegas, which, of course, was quite contrary to what this letter says.

Perhaps I should get those inserted in the RECORD, along with the letter, in order that all of the material will be available for those interested in drawing their own conclusions.

Mr. MANSFIELD. I think it would be a good idea.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD the Secretary's statements on this subject before the committee and his Las Vegas speech.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPT FROM HEARINGS ON SUPPLEMENTAL AID AUTHORIZATION BILL, SENATE COMMITTEE ON FOREIGN RELATIONS, JANUARY 28, 1966 (P. 8)

The CHAIRMAN. You say we are entitled to do this. Are we obligated to do this under the treaty?

Secretary RUSK. I would not want to get into the question of whether, if we were not interested in the commitments, policy and principle under the Southeast Asia Treaty, we have some legal way in order to avoid those commitments. I suppose that one could frame some argument which would make that case.

But it would seem to us that the policy, which was discussed and passed upon by the Executive and the Senate of that day, is that we are opposed to aggression against these countries in southeast Asia; both the members of the Organization and the protocol states.

In addition, to that, we have bilateral assistance agreements to South Vietnam. We have had several actions of the Congress. We have had the annual aid appropriations in which the purposes of the aid have been fully set out before the Congress. We have had special resolutions such as the one of August 1964, and we have had the most important policy declarations by successive Presidents with respect to the protection of South Vietnam against Communist aggression.

EXCERPT FROM SPEECH BY SECRETARY OF STATE RUSK BEFORE THE NATIONAL CONVENTION OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION, LAS VEGAS, NEV., FEBRUARY 16, 1966

We are committed to assist South Vietnam to resist aggression by the SEATO Treaty, which was approved by the Senate with only one dissenting vote; by the pledges of three successive Presidents; by the aid approved by bipartisan majorities in Congress over a period of 12 years; by joint declarations with our allies in Southeast Asia and the Western Pacific, and by the Resolution which Congress adopted in August 1964, with only two dissenting votes.

EXCERPT FROM HEARINGS BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS ON FOREIGN AID LEGISLATION, APRIL 18, 1966 (P. 153-4)

The CHAIRMAN. But you just said yourself that the troops from the North didn't appear until 1964.

HISTORY OF VIETNAM INVOLVEMENT

What I am trying to do is to clarify this record as to what actually happened. You said that on February 18 of this year that—this is your quote, "It is that fundamental SEATO obligation that from the outset guided our actions in Vietnam." But that can't be true because we were there before there was a SEATO agreement. Your assumption of aggression by North Vietnam, it seems to me, is inapplicable to 1950 if you wish to go back that far. I agree that 1950 was the origin of our involvement and I regret it because it is the only time in history we have taken up for a colonial power and tried to maintain its domination of a colonial area and I think it was a mistake. You interpret this differently, I know it, but what I am trying to get at here—and I think it is important—is whether or not the aid program, and this one in particular, has not been a very important element in getting us involved in this situation I really think it is. You disagree; it was aid to France, you say; there was no SEATO then.

Secretary RUSK. That is correct, in that period, of course.

The CHAIRMAN. Then in 1954, President Eisenhower sent the letter which he later denied as being a valid basis for our involvement, although he approved of the involvement. But he did deny specifically and publicly that that letter is an obligation to do what we are now doing, didn't he?

Secretary RUSK. That letter was a commitment.

The CHAIRMAN. For aid, that is right.

Secretary RUSK. That is correct. But this was based on a policy which recognized our interest in the security of southeast Asia, just as was the SEATO Treaty which President Eisenhower presented to the Senate for its consent and which the Senate approved by a very large vote. They are all expressions of the underlying policy that we are deeply interested and concerned, as a matter of our own security, in the security and safety of southeast Asia.

The CHAIRMAN. This is what bothers me. You seem to interpret when we undertake an aid program we have therefore established this vague "policy attitude" which justifies the Government going into any one of these countries that we give aid to—I think there are now 82—as an obligation. You see, the lines get so fuzzy here. We no longer have a declaration of war in order to wage a major war and we ease into these situations that to me are very disastrous and damaging to our standing, if not threatening to the people of the world. I want to try to bring this down a little more specifically to where we understand each other about the nature of these aid programs. As of now, this is the main reason I cannot support an enlarge-

ment and continuation of bilateral aid if it is going to have this kind of a meaning—that it amounts to a “policy attitude,” as distinguished from a clear-cut obligation under a treaty, to do certain things. I don’t want to delay this; everybody is impatient but I would like to state it on the record. You will come back again and with this in mind we will continue this discussion.

Secretary RUSK. Yes, I don’t want to delay the meeting, but I do feel I should comment very briefly on the remarks made by the chairman. I have not said that an economic assistance program carries with it a security commitment from the United States to put troops in a particular country if things go bad. The question of security arrangements is a separate subject which is worked out in other ways, particularly through alliances. We have had many economic assistance programs with countries with whom we are not allied, with whom we are not allies. It is true that we have economic assistance programs with countries we do have commitments with. The fact we help allies does not mean everybody we help becomes an ally, and we should not, I think, confuse those matters. We should be able to sort this out, and I am at your disposal for another meeting.

The CHAIRMAN. You haven’t said this bluntly in these terms, but let me paraphrase what you have said which is very close to it. You said, in effect, to this committee on August 6, 1964: “There are several aspects of this. In the first place the President, we believe, has authority under aid program, under aid program, and under his own responsibilities as President and Commander in Chief to give assistance of the sort we have been giving there.”

I mean it isn’t exactly the words you used, but to an unsuspecting layman it could mean almost the same thing.

Mr. MANSFIELD. May I emphasize that the letter I have offered is the latest communication that was offered voluntarily by the Secretary, and I would assume that this would be the last word in the matter under discussion.

Mr. McGEE. Mr. President, on behalf of myself and the Senator from Alabama [Mr. SPARKMAN], and joined by a number of other Senators, including the Senator from New York [Mr. JAVITS] and the Senator from Pennsylvania [Mr. CLARK], I am offering an amendment to provide a 2-year authorization for the economic assistance program, rather than the 1-year authorization provided in the pending bill.

I intend to ask for the yeas and nays on the amendment before it is disposed of.

This proposal is an expression of the longstanding support of the Senate generally and of the Committee on Foreign Relations for an authorization of more than 1 year for the foreign aid program. It is consistent with previous Senate action supported by a bipartisan majority, with the position of every administration since President Truman, and with the recommendations of a wide variety of American leaders.

In an issue of the New York Times only last year, March 21, 1965, an article was published entitled “Foreign Aid? Yes, But With a New Approach.” The article was written by an authority on this subject, and it states, even now, the best case anywhere for a multiyear authorization of economic aid. I quote, in part, from that scholarly article:

Congress should cease its annual reviews of foreign aid and place the program under long-term authorizations. The case for doing so is both familiar and persuasive, and just about everybody involved with foreign aid agrees to it—except Congress.

A long-term authorization would not, of course, remove the foreign aid program from direct Congressional authority; the funds authorized would still have to be appropriated annually. It might be possible, however, by putting the authorizing legislation, which sets maximum amounts and is intended to govern policy, on a three-year or four-year basis, to insulate the program from transitory waves of emotion.

A long-term authorization might have the effect of reversing the pernicious tendency to write binding restrictions into law in response to some transitory irritation, such as an insult from Nasser or Sukarno or a vote in the United Nations that displeases us. Such annoyances are genuine enough but they are often forgotten very quickly as events move on, while the legislative prescriptions to which they gave rise remain to govern—or to frustrate—policy.

Economic development is a long-term process which does not lend itself to the one-year legislative cycle of the American Congress. The conventional short-term approach greatly impedes planning by the aid receipt while the donor is denied the opportunity to offer incentives to recipients to make necessary internal economic reforms. There has been a tendency in the experience of AID and its predecessor agencies to hasten to commit funds as the end of a fiscal year approaches with the result that recipients may be pushed into premature commitments.

The Foreign Assistance Act of 1961, which in my opinion was the best aid bill we have ever enacted, provided long-term authorizations both for the Alliance for Progress and for development lending to Asian and African countries. The Congress, most unwisely, has been tampering with these legislative provisions ever since, so that we are in effect back on a year-to-year basis.

The very nature of the economic development process requires the casting of foreign aid in a new time perspective. The Congress of the United States could make an important contribution to this end by adopting foreign-aid authorization bills of four or three or, at least, two years.

Mr. President, that is a very persuasive statement. I only wish I could claim its authorship. I think it is the finest single statement yet made on this question. I feel certain that other Members of this body may have read the article or have listened to debates on this subject during past years have been much persuaded or convinced by it that the foreign aid program should be approved for more than 1 year at a time. The author of that statement is the chairman of the Committee on Foreign Relations, the distinguished Senator from Arkansas [Mr. FULBRIGHT], and I pay tribute to him for the perspicacity he exhibited in its content. It had a singular impact on my own views on this question at the time.

Only last year, the chairman managed to persuade the Committee on Foreign Relations and the Senate to approve a 2-year authorization of the entire program with the exception of the authorizations for the Development Loan Fund and the Alliance for Progress, which had already been approved for 5 years and 4 years, respectively. I was happy to support the chairman on that occasion, as

well. The Senator from Arkansas should be commended for his efforts in contributing to constructive thought on this question, and in persuading Members of the Senate to go along with him—including, I may add, the Senator from Wyoming. But I am still persuaded. His arguments were so strong then that they remain with me now.

So what we ask in this amendment is to implement the longstanding efforts of the Senator from Arkansas to put the foreign aid program on a more businesslike, sounder footing.

I think it would be well in this connection to review briefly the background of the present amendment. In 1957, President Eisenhower requested a 5-year authorization with borrowing authority for the Development Loan Fund. In advance of this request, the Committee on Foreign Relations had established a special committee for studying the foreign aid program. As the Senate will recall, a number of studies were commissioned by this special committee. Based on the recommendations of these studies, the committee issued a report stressing the importance of long-term authorizations. It is significant to recall the recommendations made in those studies.

In January 1957, in study No. 1, “The Objectives of U.S. Economic Assistance Programs,” by the Center for International Studies, Massachusetts Institute of Technology, prepared for the Special Committee To Study the Foreign Aid Program, U.S. Senate, January 1957, it was stated:

Since economic growth is inherently a slow process, and since the economic and political results we seek from an economic development program will accrue only over a considerable number of years, the program must have continuity. As an instrument of short-term policy, development assistance is wasteful and ineffective. If we have any hope of achieving desirable results from a development-assistance program, we must be clear in our own minds and must make it clear to the rest of the world that this is a program which we propose to pursue consistently for at least 5 or 10 years and which we will not permit to be affected by changes in the international or domestic political climate. If we are not prepared to make this kind of long-term commitment, we should probably not support development assistance programs at all.

In March 1957, in study No. 3, “The Role of Foreign Aid in the Development of Other Countries,” by the Research Center in Economic Development and Cultural Change of the University of Chicago, it was stated:

Economic aid program must be conceived as a long-run enterprise and some guaranty of its duration is as important as is the total magnitude of the program. For, as was pointed out repeatedly in this report, the process of economic development takes time, and the execution of an effective development plan requires a fairly high degree of assurance that sufficient funds will become available as the program unfolds in coming years.

These recommendations and the report of the special committee were carried out, at least partially, when the Committee on Foreign Relations approved by a vote of 12 to 3 the capitalization of the Development Loan Fund without any fiscal year

limitation and with borrowing authority for the following 3 fiscal years. In addition, the committee approved a 2-year authorization for military assistance and defense support.

On the Senate floor, several attempts were made to reduce the funds and eliminate the Development Loan Fund. These attempts were defeated on yeas-and-nays votes, and the position of the committee was sustained. The final provision which came out of conference provided a 2-year authorization for the Development Loan Fund with annual appropriations.

In 1959, the Senate again considered a long-term authorization for the Development Loan Fund. Sounding the call for a more effective foreign aid program, the Senator from Arkansas [Mr. FULBRIGHT] earlier that year proposed five amendments to the Foreign Aid Act, one of which would have increased the capitalization of the Development Loan Fund to meet the growing needs in the underdeveloped countries.

Subsequently, the Committee on Foreign Relations approved a 5-year authorization for the Development Loan Fund with borrowing authority. During the Senate debate the Senator from Arkansas made a statement which pertained not only to the Development Loan Fund but to the entire foreign aid program itself, and I quote from the Senator from Arkansas:

I am convinced that the long-term method of financing the loan fund will save the American people money. It will result in a sounder and a more efficient administration. It will be much more effective in its results. The most inefficient and wasteful use of the American taxpayers dollars has resulted from a program which has been administered on a hand-to-mouth basis, which cannot be administered efficiently, which results, as I indicated, in a drive to make loans at the end of the fiscal year in order to be in a position to ask for additional funds. This criticism is applicable not only to this program, but to all programs whose activities are often speeded up at the end of the year in order that the agencies concerned may be in a position to ask for further funds.

Then the Senator from Arkansas [Mr. FULBRIGHT] was asked by the Senator from Alabama [Mr. SPARKMAN]:

It is the difference between a hurry-up program, working on an annual basis, and one that is well planned, in which we can look forward to a span of years in which to accomplish the purpose.

The Senator from Arkansas [Mr. FULBRIGHT] replied:

The Senator is correct. I think the fact that there were annual appropriations prevented the development of basic projects which would advance the solution of the most serious economic problems in other countries. That shortcoming tended to make the programs superficial. Because it was short term and because the recipient countries could not rely on the continuity of the program, they tended to make superficial requests. Projects having to do with communications, railroads, docks, irrigation—the types of projects which really involve basic growth—were shoved aside, because they were of a long-term nature. So in those countries there was a tendency to undertake superficial programs which could be easily financed, but which really did not make a great contribution to the nation's economic development.

I end the quotation from the dialogue between those two Senators.

Senators will recall the result of the conference in 1959 was again a 2-year authorization for the Development Loan Fund, with annual appropriations review.

In 1961, 2 years later, the Senate was again asked to provide a long-term authorization for the Development Loan Fund, and again with leadership from the Senator from Arkansas this request was granted by the Senate Foreign Relations Committee, which stated in its report:

The United States must be able to make long-term commitments to societies that have embarked on genuine economic and social reform. To deny this flexibility would amount to crippling the proposed program and perpetuating some of the serious deficiencies of past programs. An administration official recently stated the problem quite succinctly:

"We know in our hearts that we are in the world for keeps, yet we are still tackling 20-year problems with 5-year plans, staffed with 2-year personnel working with 1-year appropriations. It's simply not good enough."

I think it is significant to note the statement of the Secretary of the Treasury at that time, Douglas Dillon, when he testified that year before the Senate Foreign Relations Committee in support of long-term authorization:

The new economic aid program set forth in the proposed Act for International Development emphasizes long-term authority for financing development lending. The President, in his letter transmitting the draft foreign assistance bill, stated that:

"Real progress in economic development cannot be achieved by annual, short-term dispensations of aid and uncertainty as to future intentions."

I am convinced from my earlier experience in the Department of State that long-term financing authority is an essential tool for the achievement of our foreign policy objectives. I am equally convinced as Secretary of the Treasury that this is the most efficient and least costly method of providing development assistance.

Adequate authority for long-term financing as proposed in the bill will permit both orderly development and effective execution of development lending programs by the administrator of the aid program. Without such authority there will continue to be insistent pressures for stopgap financing to meet crises which could have been prevented, at less cost, by adequate long-range programs.

In my judgment, the inability of the Executive to make long-term commitments has diminished the effectiveness and increased the cost of the foreign aid program. Without adequate assurance of financing for long-term programs to deal with the basic needs of a developing country, there is less incentive for such a country to thoroughly organize its plans or to adopt appropriate measures of self-help. We urge the developing countries to undertake basic and difficult reforms that are essential to development. But such reforms take years to implement, and require the support of long-term development programs. Reasonable assurance of outside assistance extending over a period of years may often mean the difference between success or failure in the efforts of a developing country to carry out the measures requisite to effective development. Legislative authority to make multiyear commitments will for the first time put the United States in a position to effectively stimulate and cooperate in basic reforms. It will also provide an incentive to other industrialized

countries to join with the United States in providing aid to developing areas.

Senators will recall that this recommendation for borrowing authority, supported then by very able men, was challenged on the Senate floor, and the result was a 5-year authorization with annual appropriations.

In 1962 another precedent was established when Congress approved a 4-year authorization for the entire Alliance for Progress, grants as well as loans.

This brings us up to 1965 when the Foreign Relations Committee reported an amendment for a 2-year authorization for the entire program except for the loan sections which had previously been authorized. This was accepted by the Senate but rejected in conference by the House.

In light of what is now being said just 1 year later I think it is important to remember what the Senate Foreign Relations Committee said in 1965, a year ago, in its report on the subject of the 2-year authorization:

To a considerable extent the necessity for lengthy and exhausting reviews of the aid program each year is preventing the committee from giving its attention to other equally important or even more significant foreign policy questions, and reducing the time which it can devote to legislative oversight of executive agencies. So long as there is so much criticism of the aid program—whether valid or not—the committee is unable to sponsor or approve a long-term authorization for this program, and is unable to break the dreary cycle of full-scale and time-consuming annual reviews.

That was from the report of the Senate Foreign Relations Committee 1 year ago. I was not a member of the committee at that time, Mr. President, but in my brief tenure on the committee since, this has likewise been my observation—namely, that we repeat ourselves constantly as we rake through the same information and the same proposals time after time, and that there are many other and significant things that this committee has to do and should be doing. Therefore a case can be made, even as a simplified housekeeping improvement, to upgrade the procedures on this rather significant matter of foreign aid.

Although the argument is now being made that this action was taken only because the bill provided for terminating the program in 2 years after a thorough study of the new approach, it is clear that the 2-year authorization was merely an extension of steps previously taken by the Senate. Some may have thought it necessary at the time to link the two amendments in order to get the 2-year authorization passed, but Senators who have voted for long-term authorizations in the past were certainly considering the 2-year authorization on its own merits, and the case that had been repeatedly made for multiyear authorization by Members of this body still stands, and its substance should still prevail.

Again it is interesting to note that the comments heard on this floor, which give no indication of any feeling that the need of a multiyear authorization is not completely justified in and of itself without relationship to any other parts of the bill. All Senators will remember the ex-

cellent statement made last year by the Senator from Arkansas in support of the 2-year authorization when he said:

There are two excellent reasons for the 2-year authorization called for by the committee bill. The first reason has to do with the Congress; the second has to do with the purposes of our aid.

Annual aid bills require Members of the Senate to engage in meticulous, tedious, and repetitious reviews of programs which have been reviewed many times before and whose specifications are well known. The tendency has been to relieve the tedium by introducing into the annual foreign aid debate all sorts of interesting but extraneous matters. The foreign aid debate has become an annual occasion for the airing of grievances—many, to be sure, related in one way or another to foreign aid; most, at least, related to the country's foreign policy; a few, however, having to do with domestic problems that no amount of tortured logic could ever relate to foreign aid.

Because of the introduction of all these extraneous matters, the annual debate on foreign aid has become in reality an all-year debate on foreign aid. This, of course, has certain educational benefits for Members of the Senate, but I am reminded just a bit of the story of the little girl whose aunt gave her a book about penguins. After she had read it, her aunt asked her if she had learned something about penguins. "Indeed, yes," replied the little girl, "much more than I care to know."

The Senator from Arkansas then continued in his defense of the 2-year authorization, a year ago, with his second reason for supporting it. He said:

The second reason for a 2-year authorization is the nature of the development process itself. Economic development is a long-term process which does not lend itself to the 1-year legislative cycle of the American Congress. The conventional short-term approach greatly impedes planning by the recipient of aid while the donor is denied the opportunity to offer incentives to recipients to make necessary internal economic reforms. There has been a tendency in the experience of AID and its predecessor agencies to hasten to commit funds as the end of a fiscal year approaches, with the result that recipients may be pushed into premature commitments.

The Foreign Assistance Act of 1961, which in my opinion was the best aid bill we have ever enacted, provided long-term authorization both for the Alliance for Progress and for development lending to Asian and African countries. The Congress has been tampering with these legislative provisions ever since, largely nullifying the policy benefits of the long-term authorization. We are thus, in effect, back on a year-to-year basis, which, whatever merit it may have from the viewpoint of congressional tradition, has no merit whatever from the viewpoint of sound and promising economic development.

The very nature of the economic development process requires the casting of foreign aid in a new time perspective. The Congress of the United States can make a contribution to this end by adopting the 2-year authorization called for by the committee bill.

That concludes the statement that I wish to cite from the distinguished chairman of our Foreign Relations Committee. I repeat it here because of the great strength and substance of its content and the persuasiveness of its points, in showing the wisdom of a multiyear authorization.

With that citation, we are brought up to date, to 1966 at least, again without any attempt to make any distinctions or

to single out any Members in terms of what their views may be at the present time. I think it is important to note the comment, as late as April 1 of this year, by the chairman of the committee, who has been the chief proponent of the long-term authorization, when in a speech entitled "Suggested Basic Changes in Foreign Aid Program," the Senator from Arkansas said that:

Three basic changes need to be made in the program. In no particular order of importance or priority, these are to separate military and economic assistance, to provide a long-term authorization, and to put the program more on a multinational, less on a bilateral, basis.

Despite this long history of Senate action and convincing argument about the need for a long-term authorization, we now are confronted by exactly the opposite position in the bill before us. It is useless, needless, and inappropriate to speculate on the reasons for this change on the part of those who previously have supported long-term authorization, for all of us change from time to time. But the substance of the case does not change, or has not changed to date. But let me say again that I was convinced by those who have championed this cause, and I remain convinced. Nothing said lately changes the real heart and crux of the case that has been made for the past 10 years in support of multiyear authorizations.

For this reason, and in view of the unquestioned importance of putting the foreign assistance program on a sounder, more businesslike basis, the Senator from Alabama [Mr. SPARKMAN] and I are offering an amendment to provide a 2-year authorization for the entire program.

This is an amendment which every Senator can support. It will provide greater stability and better planning without authorizing the program too far in advance. It will relieve the committee of some of the onerous burdens which the chairman has so eloquently described in the past, and make it possible for the committee to look into the foreign aid program in greater depth without having to review the entire program every year.

The committee, of course, is free to request whatever review of the program might be desired. If the committee chooses, it can at any time change the authorization for the second year in whatever manner it wishes. The authorization for the development loan program has been changed from time to time on the floor of the Senate during the course of the 5-year authorization, and the same changes can be made in committee or on the floor at any time next year should the committee or the Senate consider such changes necessary.

To argue that the international situation calls for a closer scrutiny of the foreign aid program is not an argument against a 2-year authorization. Whether or not there is an authorization bill next year, the committee can take whatever steps it might feel are desirable to control the program. To argue otherwise is to derogate the power of the committee to act independently of any proposal

which might be put before it by the executive branch on an annual basis.

I shall not comment at any length on the improvements which a 2-year authorization would make on the foreign aid program itself. These advantages are well known to Members of the Senate who have voted for long-term authorizations consistently in the past. All one needs to do is read the statements through the year from members of the Committee on Foreign Relations and from the chairman of that committee in particular—whose leadership has been a paramount factor in the development of this concept—to be convinced that this is the only course to take in order both to make the foreign aid program more effective and make it possible for the Foreign Relations Committee and the Senate to perform its foreign policy functions more efficiently. It might help, however, to point out the comments made in public testimony by some leading Americans during hearings on this year's bill. These are taken from the House hearings where considerable time was devoted to hearing public witnesses.

For example, Mr. John O. Teeter, vice president of Pfizer International on behalf of the Chamber of Commerce of the United States supported a 4-year authorization of the economic assistance program. Let me repeat, the chamber of commerce testified this year in favor of a 4-year authorization program for the entire economic assistance as well as the military assistance programs. This is twice as much as the amendment now being offered by myself and the Senator from Alabama [Mr. SPARKMAN] would do. Mr. Teeter said:

Long-range economic planning and development must be emphasized in foreign assistance programs. To accomplish this goal, a 4-year authorization of foreign aid funds, subject to annual appropriations and review by appropriate congressional committees, is desirable. We think this is consistent with what we in business would term good long-range planning.

Another public witness, John C. Lynn, legislative director, American Farm Bureau Federation, testified, as follows:

Let's decide what is in the best interests of the United States. Make this a 10-year plan or a 5-year plan, if this is what is required. Then each year the administrative agencies of Government would come before this committee and demonstrate to you what progress they are making on the plan that you and, let us say, the AID administrators develop for India.

We would be for a 5-year plan, but the authorization would be based on the progress being made toward carrying out the plan.

This is the same procedure that the Congress follows with regard to domestic programs. We see no reason why it shouldn't be done with the AID program.

John T. Caldwell, president, North Carolina State University, speaking for the National Association of State Universities and Land-Grant Colleges, testified:

The institutions of a society which develop, undergird and replenish the individual and social competencies cannot be produced overnight. For this reason we applaud the proposal in H.R. 12449 for 5-year funding authorizations * * * but 5-year authorizations would add a measure of psychological sta-

bility to a foreign-aid program too often characterized in the past by year-to-year uncertainty. The 5-year authorization begins to recognize the desirability of choosing long-range goals and building programs toward their achievement.

Dr. Caldwell quoted presidents of other State universities and land-grant colleges, as follows:

Earl Rudder, Texas A&M University: "One of the most common fallacies in foreign assistance thinking is the assumption that host officials responsible for development in newly developing countries are already committed to the action required for progress with specific development projects. This fallacy, plus short-term aid commitments results in projects getting underway without sufficient commitment on the part of the host government to secure the minimum in local participation and support required for success."

Elvis Stahr, Indiana University: "Renegotiations of contracts annually or biennially have been known to take as much as 8 months * * * with corresponding uncertainty and loss of time."

John T. Fey, the University of Wyoming: "Lack of predicable funding is a major deterrent for any university related program."

F. L. Hovde, Purdue University: "The training of U.S. and foreign technicians and scientists is a continuing endeavor that cannot be mounted effectively with short-run fund authorization."

Similar testimony was received from many other organizations and sources, including the National Council of Catholic Women, the AFL-CIO, the National Council of Jewish Women and others.

Finally, Mr. President, let me note that there are related precedents for this amendment. The food-for-peace program, which has been authorized in the past for more than 1 year, as it has now passed the House, provides for a 2-year authorization for the new food-for-freedom program. I would certainly hope that the Senate would also approve a 2-year authorization for the food-for-freedom program. And I think it behooves us to put the economic assistance program on the same basis.

In addition, of course, Congress has voted multiyear subscriptions, ranging from 3 to 5 years, for every international lending agency. There is no logic in providing long-range planning and programing for international foreign aid programs and denying this same advantage to our own U.S. program.

In conclusion, I urge adoption of the amendment. In these troubled times the world needs to know that the United States is just as concerned about the peaceful development of other nations as it is about blocking Communist aggression. I know of no better way to demonstrate our intentions in this regard than to approve a 2-year authorization for the economic assistance program and to make it clear to all concerned that the United States cares enough about this program to support it for more than 1 year at a time.

Let me add that I have placed on each Senator's desk a brief statement concerning our amendment, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

AMENDMENT TO AUTHORIZE THE AID PROGRAM FOR 2 YEARS

On behalf of myself and Senator SPARKMAN I have introduced an amendment to provide a two-year authorization for the economic assistance program in order to:

ALLOW SOUND AND SENSIBLE EXPENDITURE OF FUNDS

Economic development is a long-term process. Continuity and long-range planning are vital elements of this process. Year-to-year planning and funding make effective use of funds more difficult and will result in greater total cost and length of aid programs.

John O. Teeter, vice president of Pfizer International, on behalf of the Chamber of Commerce of the United States, testifying on the foreign aid authorization bill, April 27, 1966: "Long-range economic planning and development must be emphasized in foreign assistance programs. To accomplish this goal, a 4-year authorization of foreign aid funds, subject to annual appropriations and review by appropriate congressional committees, is desirable. . . . We think this is consistent with what we in business would term good long-range planning."

CARRY FORWARD A TESTED PRINCIPLE

The Congress, in previously voting long-term authorization for development lending and the Alliance for Progress has already endorsed the principle. Last year the Senate vote a two-year authorization for the entire aid program. To reject that principle now would be a step backward, and could be interpreted as a weakening of U.S. support for economic and social development. Food for Peace has been authorized for more than one year in the past, and the new Food for Freedom bill as passed by the House provides a two-year authorization.

ENFORCE SELF-HELP STANDARDS

A long-term authorization would make it clear to aid recipients that if they undertake the tough, hard self-help measures the U.S. encourages, we are prepared to follow through with sustained support. In this way, the authorization will also make possible more effective planning of development efforts.

MAINTAIN EFFECTIVE CONGRESSIONAL CONTROL

A two-year authorization will not lead to loss of Congressional control of the program because the annual review procedure and regular appropriations process will continue. The existing multiyear authorization for Development Loans and Alliance for Progress did not result in any loss of control.

PROVIDE LEADERSHIP IN EFFORTS TO SHARE AID BURDEN

A long-term authorization would be a demonstration to other free world donors that the Congress stands with the Executive Branch in seeking a greater commitment of resources by other more prosperous nations and greater sharing of the aid burden.

GALE MCGEE,
U.S. Senator.

JULY 18, 1966.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCGEE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I know that the Senator from Arkansas [Mr. FULBRIGHT] wishes to answer these arguments; but I address myself to him now in suggesting that perhaps he would rather have the whole affirmative case put in and then proceed, or I shall yield to him now; as he wishes.

Mr. FULBRIGHT. I can wait.

Mr. JAVITS. Mr. President, I wish to support the amendment which has been proposed, on behalf of a group of cosponsors of my own amendment to the same effect, which, with my consent, Senators MCGEE and SPARKMAN are sponsoring.

This is a longstanding struggle which has been waged to get more than a 1-year extension of the foreign aid program. As I am sure Senator MCGEE said in his speech, the Senate has taken the same action on previous occasions. In 1961 the Senate approved a 5-year extension for the development loan part of the foreign aid program. In 1962 the Senate approved a 4-year extension for the Alliance for Progress loan program under the foreign aid program. The Senate, in effect, has approved long-term authorizations in our subscriptions to the World Bank, the International Development Association, the Inter-American Development Bank, and the Asian Development Bank.

The basic argument for a multiyear instead of a single-year authorization is the fact that the business affairs of the United States require it, just as the business affairs of the country require appropriations in respect of so many things done in the Senate for multiyear purposes, so that planning and certainty may be obtained. Business exigencies in respect of the foreign aid program, which is no less subject to business exigencies than other programs, require a multiyear authorization; and we are settling for 2 years because that is about the best that can be done. Three years would be better for some aspects of the program, and for the Development Loan Fund and the Alliance for Progress the optimum seems to be the 5-year extension allowed by the House of Representatives.

I should like to confine my own advocacy of the proposed amendment to one other point which is critically important. The fact is that not enough aid is going to the underdeveloped areas of the free world, and that the failures of the foreign aid program are largely shortfalls.

The United Nations has found that, by and large, the program needs \$5 to \$6 billion more worldwide. The amount developing countries receive today is not enough—not even enough to narrow the gap between the developed and the undeveloped areas, which is widening all the time, because we are making much more progress than they are. So that the "have-nots" are getting relatively less, while the "haves" are getting more.

Mr. President, one of the big difficulties in this matter is the fact that adequate contributions are not being received from other parts of the world. Some of the other countries could do

more. The Development Assistance Committee of the OECD, of which we are a member, the 10 major giver nations of the world, is a kind of a governmental consortium for the purpose of dealing with foreign aid. Our hands would be enormously strengthened in the activity and negotiations which take place in order to get greater contributions from other countries if we could have a greater sense of certainty than we have today as to the year-by-year operation of the foreign aid program. It is extremely difficult to make the necessary plea to other nations to increase their contributions, when our own authorization, let alone the appropriation, is at the hazard of the annual process which is undertaken at this time.

I am sure Senator McGEE has already testified to the volume of work of the committee, both here and in the House of Representatives, which interferes with really giving the amount of legislative oversight that should be given.

But the main point, within my own experience—most Members know that I am very active in the affairs of the NATO Parliamentarians' Conference and the OECD and these operations in Europe—is that not having this authorization for more than 1 year materially hampers us in getting the urgently needed additional contributions from other countries. As we want the contributions and as the safeguards are complete about appropriations being required annually, et cetera, Congress is running no extra risks in this matter.

As we desire aid from others, I can testify to the Senate, not only as a Senator but also as a witness, that one of the major ways in which to get it is to have authorizations that can be bargained against with other countries for more than 1 year. Two years is not necessarily the optimum, but it is better than 1 year, and it gives this country a better chance to get other countries to help in other areas, and the situation urgently demands it.

In our own self-interest, I ask Senators to approve the amendment.

Mr. PASTORE. I agree with everything that the distinguished Senator from New York has said.

I am cognizant of the fact that there has been criticism of this program and some of the inadequacies and deficiencies connected with it. I believe that, by and large, much of that inadequacy and deficiency can be attributed to the fact that the authorization is only for a 1-year period.

Also, because of the processes to which Congress is subject, this matter is rarely handled at the beginning of the fiscal year. Sometimes 2 or 3 months are consumed before Congress passes the authorization or the appropriation.

One thing to be borne in mind is that this extension has to do only with the authorization. It has nothing to do with the appropriation, which would have to come before the Senate yearly.

As one who has been interested in administrative law, as I was, as the Governor of a State, I realize that without an authorization period longer than 1 year,

some projects cannot be promoted and the necessary efficiency cannot be engendered for the administrative process.

I hope that the Senate takes that into account and makes this an authorization of 2 years rather than 1 year, because I believe that in the long run a 2-year authorization would promote the efficiency of the program and would enable us to spend our money more wisely.

Mr. JAVITS. I thank the Senator from Rhode Island, who not only is one of our most gifted Members, but also is a very important member of the Appropriations Committee, and who can also testify to this matter on a factual basis, as he has.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HARTKE. It is to our advantage to have the other developed nations of the world help to participate in the building up of the underdeveloped nations and to help in every way to lighten the burden, especially those nations which have been the recipients of help from the United States.

The Senator from New York has stated that if the amendment proposed by the Senator from Wyoming is agreed to—that is, for a 2-year authorization—it would help convince other countries that they should participate with their contributions, and that it would put us in a better bargaining position. I wonder whether the Senator can specifically point to any country which has such a long-term authorization. What other developed nation has a long-term authorization similar to that which is proposed by the amendment of the Senator from Wyoming?

Mr. JAVITS. May I say, in response, that one country that immediately comes to mind is the German Federal Republic. The German Federal Republic has what is in effect a mixed public-private corporation which is capitalized. It is conducted on a capitalized basis, with its capital periodically refreshed, to deal with its aspects of foreign aid.

The foreign aid program in Germany is working quite well. We have some violent objections to it—and we are right—because of the fact that the Germans have tried to augment what they are actually doing in foreign aid by crediting to it a great many of the loans they make for exports, as we do in the Export-Import Bank, and generally for relatively short terms.

It is my understanding that both Canada and the United Kingdom enter into loan agreements with developing countries for periods up to 5 or 7 years without parliamentary approval.

So, laying aside the question as to whether their contribution to the world's problem is adequate—and it is not—I am the first to affirm that it does, however, operate on a periodic renewal capital basis and on a permanent basis, rather than on an annual basis, as we do.

Perhaps the chairman of the committee could help us with a statement of fact. Unfortunately, I cannot immediately give the answers for the other DAC coun-

tries, but as to the German situation, I know about it first hand.

Mr. HARTKE. I think that the Senator from New York [Mr. JAVITS] will agree that the German situation is not comparable, where the Government is extending direct assistance in grants or loans with no agreement whatsoever that it has to be tied to the repurchase of goods. The fact is that the German proposition for aid is, in effect, a form of acquiring new markets for themselves.

Mr. JAVITS. I cannot agree with the Senator on that. I stated the German situation, since the credit, as part of the foreign aid items, I do not think should be credited; but there are many other items and the fact is, considering the organization and the European economy, no private corporation in Germany would be a part of this corporation except that the Government wanted it to be. The Government, I understand, also makes contributions. I think that this is a system different from our own, but it does have the advantage of permanence which ours does not have.

Mr. HARTKE. Does the Senator have any assurance from the German government that if we adopt a 2-year program they will be inclined to help other nations more?

Mr. JAVITS. I think, with all regard for the Senator, he is being rhetorical. The Senator knows that I do not negotiate with those nations and I have no promises. If I did, we would be in a stronger position.

I am pointing out from personal knowledge and experience—and the Senator knows that I have experience in this field because he has worked with me arm in arm in many of these matters—it is my belief, and that is how I represent it to the Senate, that our position will be strengthened if we have an authorization for more than 1 year. I do not contend that 2 years is better, but it is better than 1 year.

Mr. HARTKE. My fondness for the Senator from New York [Mr. JAVITS] would prohibit me from asking a rhetorical question.

I do not believe it would in any way make a valuable contribution. I do not think it would have any effect on their final decision. That is what I was trying to have the Senator from New York agree to.

Since I cannot elicit the answer that I want, I would like to ask another question. What other nations have indicated that they are interested, in any fashion, in assuming any part of this burden of providing for have-not nations on an increased basis as a result of the action of the Senate to adopt the position of the Senator from Wyoming [Mr. McGEE]?

Mr. JAVITS. As a practical matter other nations upgraded their participation in foreign aid and in some cases are contributing rather important shares of their gross national product.

I am trying to find the details. As I recall, the United Kingdom is about seven-tenths of 1 percent. The United Nations recommends that industrialized

countries contribute 1 percent of the national income to foreign aid.

The United Kingdom is about the same amount as the United States. Italy is down the scale. They have been improving in foreign aid. Germany is near it. In fact, Germany had no foreign aid program until a few years ago. There have been contributions which have been increasing. This is the subject of negotiations in the Development Assistance Committee, where these matters are constantly being negotiated all of the time. We have a special consortium for a country like Turkey. That situation is always changing.

I think that I know about the operations of these agencies. This will have a material effect.

As the Senator from Rhode Island [Mr. PASTORE] pointed out, it does not hurt us and why should we not try to help ourselves? We can pass on the appropriation, we can cut it down, and we can do anything we like.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. The important thing to consider here is that there is no attempt on the part of those who believe in this foreign aid program to give it life for a second year. We are living in a world where we know we will have this program next year anyway. Experience has already taught us that. The kind of world that we live in today has taught us that.

All that we are striving for is to promote efficiency so that this program can be better administered. We can thus adopt that kind of project to do humanity the most good in the long run. We ask only to make the authorization—not the appropriation—for a 2-year period. Thereby we can get into that kind of project which in the long run will do the most good and cost the least amount of money. That is the only reason for this.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. McGEE. I wish to comment with regard to the statement of the Senator from Indiana [Mr. HARTKE] in regard to the relationship between the point of the Senator from New York [Mr. JAVITS] and getting greater participation among other nations in foreign assistance programs.

Again and again our own people have had heat put on them from the Committee on Foreign Relations, the Committee on Appropriations, and the Congress, to get more multilateral programs going.

As the chairman of this committee is recommending at the present time, one of the stumbling blocks in the conversation again and again that has been presented to us is that they cannot know for sure which way we are going in connection with projects at the present time. There are other stumbling blocks. One of those is this matter of stumbling along a year at a time.

We should make it easier to try to get other nations to cooperate with us in this massive world effort rather than impeding their effort.

This body has continually sought to make this program as successful a program as possible. There is no expansion in the foreign aid program. This is efficient application of the taxpayers' dollars that is already agreed to.

A part of that includes getting cooperation from other governments. This has intruded in other conversations as our negotiators tried to get the British, the French, and the Germans to come in with a great measure of participation.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. JAVITS. I have the floor. I yield.

Mr. HARTKE. If this is the situation, perhaps the Senator can answer the questions which I have asked the Senator from New York [Mr. JAVITS]. Which countries have such long-term programs at the present time? Which countries have indicated that they would increase participation in the multilateral scheme if we would increase it to a 2-year authorization? Why cannot the same purpose be served by unilateral agencies in existence rather than this program before the Congress at the present time with bilateral approaches?

Mr. McGEE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Wyoming [Mr. McGEE].

Mr. McGEE. None of us is in the specific position of a negotiator. It is my understanding that this question has repeatedly cropped up in our conversations, not only with Germany, but with the British and French. There are some examples of the long-term kind of programs on the part of the French in West Africa and the British in some of their older colonial areas.

Mr. HARTKE. The Senator is correct.

Mr. McGEE. The point is that there is this recognition that it is good business, and all that this proposes to do is apply good business principles to ourselves and not let it impede us in our efforts.

Mr. HARTKE. Is it not true that the French aid to their colonies is really tight aid? Is it not true that in connection with their colony of Senegal they have to deal with the French merchants and they have a 25-cent per ton price which they allow on the production of peanuts to tie them back?

Mr. McGEE. That is something they tried; but so do we. It is irrelevant.

Mr. HARTKE. What underdeveloped nation, other than former French colonies, have the French agreed to increase participation in if we had a multi-year participation?

Mr. JAVITS. Let me answer that. If we could answer that question, we would not have to argue about this amendment. The Senator would lose it, and we would win it, or vice versa. The whole point and reason there is discussion on this amendment is that reasonable difference of opinion develops because we are estimating what can be done, given another tool. The strength of our argument is, we say it does not hurt the situation. The Senator from Rhode Island [Mr. PASTORE] has made that clear. Therefore,

if it can help—and we need it—let us try everything we can. This is not an aimless gesture. We point out that there is a chance, based upon experience, to do better.

I can give the Senator this information, that the French estimate putting up 1.26 percent of their national income for foreign aid, but they do aid only with their former French colonies. And our relations with them, of course, are not very cooperative. We are not getting any additional aid from the French, but we can from the Germans, we can from the Italians, and I think there is a chance we can do something with Japan. There is an even chance of doing something with Britain, not necessarily in money, but in kind—that is, in services, and so forth. In short, we cannot give the Senator a guarantee. If we did, we would not be arguing today. Here is something we can do that will not hurt us, but help us. We need help; therefore, let us try everything we can which will help us if it cannot hurt us.

Mr. LAUSCHE. Mr. President, for the purposes of the RECORD, I think we should recollect that in 1961, with respect to the development loan program, we gave it a 5-year tenure. In 1962, regarding the Alliance for Progress program, we gave it a 4-year life. With respect to all other forms of aid, we gave it a 1-year life.

The 5-year life on development loans, the 4-year life on the Alliance for Progress, has come to an end in 1966. Now, instead of readopting the 5-year and the 4-year plans, it is suggested by the Senator from Wyoming [Mr. McGEE] that we make all of them 2 years.

I merely want to suggest that the drastic cut from 5 years to 1 year, and from 4 years to 2 years, cannot be justified. That is my point No. 1.

My section point is that all of these programs will substantially require the beneficiary nation to buy the goods it needs through the help we give in the United States.

The third point, with regard to what the other countries are doing, on page 13 of the book identified as "Proposed Economic Assistance Programs for Fiscal Year 1957," issued by AID, there is a tabulation of what the other countries are doing.

Let me identify them: France, \$822 million—most of which goes to its commonwealth countries, or whatever they are called; Germany, \$451 million; United Kingdom, \$446 million; Japan, \$169 million; and all other countries \$359 million.

The total of the four principal countries, and all other countries, is: \$2,247 million.

In this report, there is stated what will be a repetition of what the Senator from Wyoming [Mr. McGEE] has stated, that the United States continues to press for more generous and effective aid from the other free world donors and for the channeling of more aid through international agencies.

Mr. President, in conclusion, we should determine this issue on the basis of what we believe it to be in the best interests of our country. We should not allow it

to be determined solely upon what other countries are doing. In my judgment, that would be a serious mistake.

If it is wrong to have it for 2 years, then it is wrong regardless of what the other countries are doing.

If it is right to have it for 1 year, it is likewise wrong, regardless of what the other countries are doing.

Finally, I think it is a drastic cut to take the 5-year development loan program and reduce it to 1 year, and to take the 4-year Alliance for Progress program and reduce it to 1 year.

In my opinion, that cut is too severe and will not be in the interest of the Nation.

Mr. JAVITS. I am very grateful for the contribution of the Senator from Ohio.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HARTKE. I want to come back to the points made by the Senator from Rhode Island, and repeated by the Senator from Wyoming and the Senator from New York. They say this does not hurt. This is the point I was driving at in the first instance. There are some other factors on the other side. If I had my way, and everything were normal in the world today, personally, I would be in favor of much more than 2 years.

I would be inclined to go along with the long-term development. However, things are not normal today. We are in an extraordinary situation with day-to-day changes.

For example, one problem on our hands which I have repeatedly tried to find out, is, what is the cost of the war in Vietnam going to be? I have been on the Finance Committee, on which I happen to serve—not on Appropriations or the Foreign Relations Committees which deals with this committee—but I have been there and asked for an estimate on the cost of the war. So far, they have not given us an estimate of the cost of the war. I have asked whether it is going to be a short or a long war—and every indication is that it will be a long war.

I have asked, where is the long-term financial plan, then, because we are going to have to concern ourselves with how much money we are going to spend, but that question has not been answered.

Today, we see in the news—finally—it is admitted a supplemental appropriation is being prepared. I asked that question of the Finance Committee, and at that time it was answered that to their knowledge no such supplemental appropriation was being prepared. Yet the headlines today say that the President is concerned about the 1967 budget. I am concerned, too. I am concerned over where we are going to get the money, under these abnormal circumstances. We must give consideration to these other elements. If the Senator does not want to go ahead, let the authorization be for 1 year and let the Foreign Relations Committee, which serves in this body, by definition of its purpose, concern itself with the foreign affairs of this country. Why should they not be allowed to look into

this crisis again next year, as well as the Appropriations Committee?

Is there something that is different between the two? Why should not this body be allowed to look at it, as the Appropriations Committee is allowed? We have the statement made by the Secretary of State at Las Vegas, which is now in the RECORD, inserted by the distinguished chairman of the Committee on Foreign Relations, that foreign aid commitments are one of the reasons we have a military commitment now in Vietnam. I think that there are many of us who seriously question whether we thought we were voting for a commitment of American boys in Vietnam when he went ahead and voted it, and put some foreign aid to help people be developed outside.

Thus, I say that it does hurt. The Senator says that it does not.

Well, on the wrong side of this coin, they say let us make it for 1 year rather than make it 2 next year. What are we afraid of? There is nothing unusual about this. As the Senator from Rhode Island has stated, this is a program which history dedicates to the future for as many years as we can look into the future.

Why are we so fearful? Why are we so worried about this, but not authorizing and appropriating the necessary funds. If we are going to have the program let us come on back and let us see what the changes are. We can trust this body. There are 100 Senators here. They are outstanding citizens. They take their responsibilities of Government seriously. We have as much responsibility in Government as the executive branch. It is high time that the division of responsibility within the Government be reasserted, and I think it is time, right now, to lay forever at rest the idea that we have to surrender every vestige of authority in the Senate.

Mr. JAVITS. I think the absolute, decisive answer to that question is that it fails to take into account the appropriations process. Everything that the Senator from Indiana has said can be dealt with, and is dealt with, in the appropriations process. So far as the authorization process is concerned, we are losing and on the short end, because we authorize only for 1 year and thereby hamper ourselves in the intelligence, efficiency, and economy with which we can plan the foreign aid program and, yes, within which we can get help from others.

That is the nub of the argument. Everything the Senator has said, every safeguard, every fiscal idea with respect to it, fits into what was said by the Senator from Rhode Island [Mr. PASTORE].

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. We do not authorize even for 1 year. Here it is July 19. By the time this bill is passed, it may be close to the first of August. By the time we appropriate for it, it may be close to the first of October. So, rather than a year, there are only 9 months in which to put pressure on the administrators to commit the money. They have to do it

within a period of 9 months. We make a mistake in doing that, and we have not been able to conduct this program in a businesslike way.

If there is strong opposition to the foreign aid program, we ought to do away with it; but if we are to have it, we should administer it wisely. I say 9 months is not enough time to conduct the administration of it wisely.

Mr. JAVITS. I fully concur in what the Senator from Rhode Island has said. It is magnificent testimony to the point that has been made.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. I wish to ask the Senators who are proposing the amendment why they discuss and put in the same category all the different parts of the foreign aid program. It provides for the Development Loan Fund, technical cooperation, American schools, Alliance for Progress, grants to international organizations, supporting assistance.

As one who has sat on the Appropriations Committee on this subject for a good many years, it seems to me there is a great distinction as between the Development Loan Fund and the Alliance for Progress, which account for substantial amounts of this whole program, as opposed to supporting assistance, contingencies, and so forth.

I personally see no objection to the Development Loan Fund and the Alliance for Progress being for longer than the 2-year period, and providing for 3 years, or, if the House may prefer, 5 years, if that can be worked out satisfactorily; but as to contingency funds and supporting assistance, we have a responsibility to keep a close eye on them. I would prefer to see those fixed for 1 year and the others on a 3- or 5-year basis.

I wonder if the proponents of the amendment can tell us why they put the whole bill on a 2-year basis.

Mr. JAVITS. Mr. President, I will give my reason first, and then yield to the Senator from Wyoming [Mr. McGEE] to make his statement.

My reason was to try to present the matter on an issue of principle, as the Foreign Relations Committee does deal with it across the board on a 1-year basis. As a point of principle, I wanted the amendment offered to see whether the Senate would go beyond the 1-year basis, having in mind that the matter will have to be settled in conference with the other body. My purpose was to have an amendment proposed which would commit the Senate to a principle, and then there could be reasonable action on the variants involved in the bill.

Now I yield to the Senator from Wyoming.

Mr. McGEE. The reason for my offering the amendment was essentially that of committing the Senate to a principle. That is the important thing. The House has already acted. The Senate must get into conference with the House on a realistic basis on a matter which involves our best national interest.

It seemed to me that, rather than stagger it, which would lead to some confusion, it would be simpler to confine ourselves to the fundamental, basic principle of the multiyear idea, 2 years being the lowest common denominator which we could arrive at in the bill.

For that reason, we chose this method in order to air the principle.

I agree with the Senator from Massachusetts that some of these programs ought to be for a longer period; otherwise some of them will be encroached upon. But the question involved is whether we are going to administer it on the basis of annual review, or develop a reasonable and wise multiyear program in the interest of the program.

Mr. SALTONSTALL. If we want to be realistic as well as express a principle, as the Senator knows, and as we all know, the loan program is completely different from a grant or an output of money program without any particular restriction on getting the money back.

It seems to me, if we want to put the issue on a question of principle, there is a great difference between loans and grants. As a member of the Appropriations Committee, of which the Senator from Wyoming is also a member, I think it would be much easier for me to vote for a longer period as to loans, but keep the other programs, the grant programs, on an annual basis, where they can be brought back under the scrutiny of Congress each year. When they are combined in one bill, it makes it difficult to change the committee's report.

Mr. JAVITS. I think the Senator from Rhode Island [Mr. PASTORE] made a point which is extremely valid, which is that in this field, a 2-year authorization, considering the exigencies of time which he has described, is really basic. Even for Senators to do that which the Senator from Massachusetts wants done; namely, to keep a close eye on these programs, a pretty good measure of what ought to be done is a 2-year program, which boils down to 18 or 19 months, as a practical matter, as the Senator from Rhode Island [Mr. PASTORE] has pointed out.

We are hovering over this program far too much to permit the administrators to do the job with the greatest efficiency, when they cannot have peace of mind for more than a few months. We have gotten so fussy that we are hurting ourselves. We are dealing with a pretty basic minimum when we provide a 2-year period.

Mr. SALTONSTALL. It seems to me if this amendment were defeated, there would be justification for an amendment which would distinguish between loans and grants.

Mr. McGEE. Mr. President, rather than labor the point, the cumulative history of the debate in the Foreign Relations Committee has continued to be in strong terms in favor of a 2-year minimum across the board. The House has provided a 5-year period for one category and a 4-year period for another. Therefore, I am sure we would have a basis on which to negotiate in conference, if we could get a 2-year program, and adjust the basis for the variants in the pro-

gram, and therefore make it possible to accomplish our objective in conference. But the cumulative history of the whole point in the Foreign Relations Committee has been rather overwhelmingly in support of a 2-year authorization.

Mr. SALTONSTALL. Mr. President, will the Senator permit one more question?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. This is a question for information. The other bill which the Foreign Relations Committee has reported provides for \$917 million. Is that based on a 1- or 2- or 3-year program? It is a 1-year program; is it not?

Mr. McGEE. I think so, but the staff member of the committee has that information.

Mr. FULBRIGHT. It is a 1-year program.

Mr. SALTONSTALL. So if we extend the period for these loans and grants, would Senators in respect to the other bill ask for a further extension as to military assistance?

Mr. McGEE. That is not involved in this question. This bill has to do with economic assistance.

Mr. SALTONSTALL. When we come down to grants and supporting assistance, we are not far from military assistance. They are pretty much all together.

Mr. McGEE. Except they are being handled as separate bills.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I have the floor. I yield to the Senator from Ohio.

Mr. LAUSCHE. For the purpose of the RECORD, I think it should be shown that the House bill has provided a 5-year period for development loans and a 5-year period for the Alliance for Progress, and 2 years on all other programs.

Mr. JAVITS. I believe that is correct.

Mr. LAUSCHE. I do not believe I am betraying a confidence when I say that in the consideration of the action of our committee, some weight was given to the proposition that the matter would have to go to conference, and that in the conference there would be a compromise between the five and the one.

But, to repeat, the House bill provides 5 years for development loans, 5 years for the Alliance for Progress, and 2 years for all other programs.

Mr. JAVITS. That was the reason I explained to the Senator from Massachusetts that the essence of this vote would be to commit us to the principle that we were willing to go beyond 1 year. Without any question, the matter will have to be worked out in conference.

Mr. SALTONSTALL. I thank the Senator.

Mr. JAVITS. I conclude by pointing out one other thing. Secretary Rusk, in testifying before the committee, pointed out that there had been some improvement, but not nearly enough, in the contributions of other countries. He pointed out, at page 102 of the hearings, that—

Total bilateral aid commitments from other DAC donors—that is the Development Assistance Committee of the OECD—has grown from \$1.8 billion in 1960 to \$2.5 billion in 1964.

He added that we were making some progress, but that it was not nearly great enough. So I press upon the Senate the fact that in passing this amendment, we will not only be aiding ourselves in terms of the efficiency of the operation, but also very materially contributing to our negotiating posture in getting greater aid from other countries, which is so urgently required for the total situation.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I rise to oppose the amendment.

This matter was considered thoroughly in the committee and the vote was 11 to 6 in favor of the 1-year authorization.

All the facts about former actions or discussions that have been cited by the various speakers are quite true. The statements by me which were cited by the Senator from Wyoming are quite true.

What he overlooks are very important and significant changes in our foreign relations, specifically in our attitude toward Asia.

In view of the consequences of the Gulf of Tonkin resolution and other factors which have relation to our commitment in Vietnam, some of which have been called to the attention of the Senate this afternoon—such as the statement by the Secretary of State that the aid program was one of the reasons justifying our present activities in South Vietnam—I am much more skeptical about the long-term effects of the aid program than I was formerly.

In this morning's Washington Post, there was an article by one of the closest friends of the President, William S. White, in regard to a new policy for Asia. I shall read portions for it for the RECORD. It is significant to me in that I think it indicates a new development in our international relations. While I shall read only part of it, I ask unanimous consent that the entire column, entitled "Alliance of Free Nations Proposed," written by William S. White and published in the Washington Post of Tuesday, July 19, 1966, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ASIAN DOCTRINE: ALLIANCE OF FREE NATIONS PROPOSED

(By William S. White)

President Johnson's newly proclaimed Asia Doctrine, in which the United States for the first time formally accepts its full responsibilities as the leading Pacific power-in-fact, has been in his mind for five years.

It rests upon a conclusion he reached as Vice President in a mission to Asia in May of 1961, undertaken for his then chief, the late President John F. Kennedy. Mr. Johnson returned here with a tough private report to Mr. Kennedy which declared without qualification; "There is no alternative to United States leadership."

He recommended both a relentless American military resistance to shooting communism—as is now illustrated in South Vietnam—and generous economic assistance to Asian countries prepared to take steps to help themselves in non-Communist political atmospheres.

He proposed, as well, "an Alliance of all the free nations of the Pacific and Asia who are willing to join forces in defense of their free-

dom." Though no new alliance has been formed in the legal sense, a partnership of reality is now in being with such nations as Thailand, Australia and New Zealand.

The unity and determination of this association has just been deliberately underlined by the President by honoring Prime Minister Harold Holt of Australia as his White House guest twice within a space of days.

In short, though the Asia Doctrine is indeed a big bite, asserting for the United States a Great Power role in the Orient no less demanding than is its long accepted leadership of the Atlantic world, it is at all events no hurriedly jumped up enterprise.

Historically, there is something of Harry Truman and Dwight Eisenhower in it, for the parallel with their programs both to revive postwar Europe and to shield it from Soviet expansionism is clear in principle. There is also something in it akin to Theodore Roosevelt's Big Stick. In this case, however, the Big Stick, though waved in the direction of Communist China, is accompanied also by a large carrot.

The President is clearly prepared to contemplate substantial future conciliation of China, if, but only if, China will move away from its present habit of aggression at second hand in Asia.

It is too early to obtain any useful reading of foreign reaction to all this. It is not, however, too early to take some measure of its probable meaning in domestic terms.

Administration men take the attitude that once burned is twice shy. Thus, they make no claim, even in private, that Mr. Johnson's great extension of our role in Asia, with its emphasis upon the possibility of future co-existence as well as on present American military resoluteness, will placate the Senate minority of the New Left in its long attacks upon Vietnam war policy.

Independent evidence, however, suggests that in this the Administration's people may be a little overcautious. Nobody should expect an end to the New Left's verbal dissent from Vietnam. But at least one observer—this one—believes there may be a small change anyhow. The President's suggestion that the New Left here is less humanly concerned for the agonies of colored Asians under Communist attack than with a white Europe under no such terror hits the ultra-liberals where they live.

For, to most of them, their dogma of dogmas is their hostility to racial discrimination in any form. Some of them, therefore, are likely to re-think their position on Vietnam, if only a little bit and if only for domestic political reasons. In a word, this is a pretty solid blow against the new form of isolationism which is Europe First and Asia Never.

Mr. FULBRIGHT. Mr. President, I also ask unanimous consent to have printed in the RECORD an article from the Wall Street Journal of April 20, 1966, entitled "HUMPHREY Says Meaning of Honolulu Talks Is a Sweeping U.S. Commitment for Asia," and excerpts from an interview with Vice President HUMPHREY over the CBS network on April 19, 1966.

There being no objection, the article and excerpts were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Apr. 20, 1966]
A "JOHNSON DOCTRINE"—HUMPHREY SAYS MEANING OF HONOLULU TALKS IS A SWEEPING U.S. COMMITMENT FOR ASIA

(By Philip Geyelin)

WASHINGTON.—Vice President HUMPHREY had stunning news for those in the U.S. Senate and elsewhere who have been bitterly condemning this country's past commitment to Vietnam and sharply questioning the future Asian role of the U.S.

Even while debate on these issues was raging before the Senate Foreign Relations Committee two months ago, it seems, President Johnson was propounding a new "Johnson Doctrine" as sweeping in its implications for Asia as was the U.S. commitment to Europe almost two decades ago. Or so the Vice President reported in a transcript issued in advance of a television interview to be aired last night on the Columbia Broadcasting network. Mr. HUMPHREY was discussing the results of the Honolulu meeting between Mr. Johnson and South Vietnamese leaders in early February.

"I would never want anyone to underestimate the meaning of the Honolulu conference or the Honolulu declaration," the Vice President declared. "If that is studied carefully, I think it has as much significance for the future of Asia as the Atlantic Charter had for the future of Europe."

At the time, no such interpretation was read into the joint statement issued by Mr. Johnson and the South Vietnamese. Mr. Johnson didn't talk of an Asian "doctrine" and neither did the document itself, whose precise terms dealt strictly with Vietnam. But it actually was intended as "a much broader declaration," the Vice President insisted last night. "It was directed towards an Asia, a modern Asia, an Asia to peace, an Asia with tremendous programs of social, economic betterment."

ILLUSTRATIVE EXCERPTS

Excerpts from the exchange that immediately followed are illustrative, at the very least, of how "doctrines" come into the geopolitical lexicon. But they also bear heavily on the very question currently disturbing Sen. FULBRIGHT (D., Ark.), Foreign Relations Committee chairman: How is it that the U.S. gets committed to large international undertakings with hardly anybody being aware of it. In the CBS interview, which was taped last Wednesday, Mr. HUMPHREY says it would have been obvious if "more attention (had) been given to that declaration and a little less attention to the personalities involved."

This, then, was the "articulation of a Johnson Doctrine for Asia?" Mr. HUMPHREY was asked. "Yes, I think it was," he replied. "I hadn't heard it put quite that way, but as you have said it, that would be as I would envision it and see it." The Vice President noted that the declaration pledged the U.S. in general terms to "defeat aggression, to defeat social misery, to build viable, free institutions and to achieve peace." These are "great commitments," he went on. "I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home. And I regret that we haven't been able to dramatize it more."

Q. (from CBS commentator Eric Sevareid). Mr. Vice President, there are immense implications, it seems to me, in what you are saying here.

A. Yes.

Q. You seem to me to be saying that the Johnson Doctrine, if we may call it that, is proposing a relationship between this country and Asia, far away as it is, and sprawling and diverse as it is, a relationship as fundamental, as long-lasting, intimate and possibly expensive as our historic associations with Europe. Is it of this scale, of this magnitude?

A. I think so.

REGIONAL APPROACH

The Johnson Administration's plans for exporting the Great Society to Asia and elsewhere, with emphasis on a regional approach to Asian economic and social development, aren't new. The U.S. played a major role in promoting the recently created Asian Development Bank, subscribing \$200 million in capital out of the \$1 billion total. The

President has talked up plans for joint development of the Mekong River Basin in Southeast Asia and pledged heavy U.S. outlays to that end, too. Next week, former World Bank President Eugene R. Black is off on another Asian tour as the President's special representative to examine new projects on which the U.S. and Asian nations might collaborate; yesterday, Mr. Black conferred with the President on plans for this excursion.

But nothing as formal and high-flown as the Vice President's "Johnson Doctrine" concept had yet been put forth. Nor had the U.S. mission in Vietnam ever been described in quite the terms used by Mr. HUMPHREY last night—terms certain to sharpen the Congressional debate over this country's future Asian policy.

Vietnam, Mr. HUMPHREY declared, is "almost like the first voyage of an explorer into a new land. The ship has almost been storm-tossed on the shore, but we are there." And he added:

"We are going to be in Asia for a long, long time."

That, of course, is what the debate in Congress and in the public arena has been all about. Sen. FULBRIGHT and others have been arguing heatedly that the U.S. had no business getting bogged down in Vietnam in the first place, that it ought to disentangle itself as rapidly as possible, and that it shouldn't take on similar commitments in the future, especially in Asia.

Earlier this week, in committee hearings on foreign-aid legislation, Chairman FULBRIGHT hammered hard at the need to put foreign aid on an "impersonal" basis through wider use of multilateral agencies, just to avoid having broad political and military obligations grow out of seemingly narrow commitments to economic assistance. Senator FULBRIGHT contended this was how the U.S. got drawn into Vietnam, and he and others argued that it shouldn't be allowed to happen again elsewhere.

Yet, if the Vice President's statements are to be interpreted as firm policy, the enunciation of a Johnson Doctrine can only "personalize" the U.S. role. As for the thought advanced by Sen. FULBRIGHT and many other critics of the Vietnam War—that the U.S. has no real business being so deeply entangled in Asia—the Vice President seemed almost to be inviting argument. "That is what the (Senate) hearings are all about," he declared in stating categorically that "we can't be a world power with a half-world involvement."

It was impossible to determine precisely how much of a hand, if any, Mr. Johnson may have had in the Vice President's declarations. Late yesterday, officials who might have been expected to know professed ignorance. Some of them also conceded to some surprise that Mr. HUMPHREY had gone as far as he did in challenging the critics of current Asian policy.

"This will really make FULBRIGHT explode," said one who feared a rapid heating of Congressional and public debate as the result of the Vice President's remarks, whatever the President's role may have been.

Controversy is likely to be all the more inflamed by the Vice President's claim that "great commitments" to all of Asia were contained in a document that seemed to deal almost exclusively with the war in Vietnam.

EASE OF COMMITMENT

Already, deep concern is apparent about the ease with which the U.S. Government gets itself committed, as in Vietnam, by such seemingly innocuous documents as former President Eisenhower's original promise of economic assistance to the government of former South Vietnamese Premier Ngo Dinh Diem just after the signing of the 1954 Geneva accords. For years, the U.S. involvement in Vietnam was founded on this pledge,

which included no reference to military support.

The Honolulu declaration, on its face, is equally innocuous, as far as mentioning the rest of Asia is concerned. Its four parts include a brief preamble, in which the governments of the U.S. and Vietnam jointly declare their "determination in defense against aggression," their "dedication to the hopes of all the people of South Vietnam," and "their commitment to the search for just and stable peace."

The next two parts are devoted to defining, respectively, Vietnamese and U.S. purposes in the war. The U.S. statement makes general reference to U.S. "pledges" to the principle of self-determination and to playing "its full part in the world-wide attack upon hunger, ignorance and disease," in explaining what the U.S. is doing in Vietnam.

In the fourth section, the two governments subscribe jointly to a common commitment to "defense against aggression, to the work of social revolution, to the goal of free self-government, to the attack on hunger, ignorance and disease, and to the unending quest for peace."

It was in this last declaration, apparently, that Mr. HUMPHREY saw a "Johnson Doctrine"; his March report to the President, on his return from an Asian tour after the Hawaii meeting, did make vague reference to something grander in scope than a commitment to Vietnam. In that report, Mr. HUMPHREY said the Honolulu declaration "could represent a historic turning point in American relationships with Asia." He argued that Asian leaders were taking the Honolulu goals "very seriously."

But the notion that this amounts to a "doctrine" or a "great commitment" is new, and almost certain to raise the question of whether the Administration isn't once again reading profound obligations retroactively into documents that weren't billed as obligations, commitments or high policy at the time.

One practical effect could be more far reaching than the anticipated difficulty for the Johnson foreign-aid program. Mr. FULBRIGHT has already threatened to oppose it. The Foreign Relations Committee's second ranking Democrat, Senator MORSE of Oregon, has promised to battle for deep reductions, centering on funds for Vietnam. Conscious of this developing opposition, atop the usual Congressional resistance to foreign aid, most Administration officials have been taking a low-key, once-removed approach to Asian aid, playing up multilateral methods and the importance of Asian self-help. The Vice President's pronouncement last night may make this line somewhat more difficult to maintain.

EXCERPTS FROM "A CONVERSATION WITH HUBERT HUMPHREY" CBS NETWORK, APRIL 19, 1966

Vice President HUMPHREY. I would never want anyone to underestimate the meaning of the Honolulu Conference, and the Honolulu Declaration. If that is studied carefully, I think it has as much significance for the future of Asia as the Atlantic Charter had for the future of Europe.

Mr. AGRONSKY. What do you have in mind when you say that?

Vice President HUMPHREY. Because the Honolulu Declaration that came from that conference, while in terms of current history as directed towards Vietnam, it was a much broader declaration. It was directed towards an Asia, a modern Asia, an Asia with abundance, an Asia with social justice, an Asia at peace, an Asia with tremendous programs of social, economic betterment. That is the way I read the Honolulu Declaration and I have studied very carefully and frankly have been very much moved by it.

I regret that more attention has not been given to that declaration, and a little less attention to the personalities involved.

Mr. AGRONSKY. This was the articulation of a Johnson doctrine for Asia?

Vice President HUMPHREY. Yes, I think it was. I really believe that sir. I had not heard it put quite that way, but as you have said it, that would be as I would envision it and see it.

Now, what was said in this declaration was a pledge to ourselves and to posterity to defeat aggression to defeat social misery, to build viable, free political institutions, and to achieve peace.

Now, those are broad terms, but these are great commitments. And then you add onto this, sir, our relationships with India and Pakistan, but particularly now India, where the discussions between our two governments have gone far beyond just food; they have gone into the whole matter of development of the economy, the social, political structure.

I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home. And I regret that we have not been able to dramatize it more.

Mr. SEVAREID. Mr. Vice President, there are immense implications, it seems to me, in what you are saying here.

Vice President HUMPHREY. Yes.

Mr. SEVAREID. You seem to me to be saying that the Johnson doctrine, if we may call it that, is proposing a relationship between this country and Asia, far away as it is, and sprawling and diverse as it is, a relationship as fundamental, as long-lasting, intimate, and possibly expensive as our historic associations with Europe. Is it of this scale, of this magnitude?

Vice President HUMPHREY. I think so.

Mr. FULBRIGHT. I call attention to this statement:

President Johnson's newly proclaimed Asia Doctrine, in which the United States for the first time formally accepts its full responsibilities as the leading Pacific power-in-fact, has been in his mind for five years.

Later in the article, he says:

There is also something in it akin to Theodore Roosevelt's Big Stick.

This brings up memories of Manifest Destiny. I thought we had outlived the policies represented by Theodore Roosevelt and our attacks upon the colonies of Spain—at least there has been great criticism, over the past 50 years, about that expedition, which in a way has made its contribution to our present difficulties in Asia. When we took the Philippines, as a part of that policy of Manifest Destiny, in a sense we gave a hostage to Asia, and that was the first involvement, which has kept us involved, more or less, ever since the days of Theodore Roosevelt—much to our disadvantage, and possibly much worse if the situation in Asia continues to deteriorate.

The article states:

There is also something in it akin to Theodore Roosevelt's Big Stick. In this case, however, the Big Stick, though waved in the direction of Communist China, is accompanied also by a large carrot—

The large carrot being the foreign aid program, I take it.

That raises the question: Is this foreign aid merely a tool and a part of a new policy of Manifest Destiny, designed to establish our paternalistic control in Asia, or is it not?

I do not know. But I think the question is sufficiently serious to warrant the consideration of the Senate, and that we should be very careful about expanding our aid commitment beyond a year.

In fact, I am very reluctant about 1 year. I am not at all sure I can support the program for 1 year. I shall not, unless some of the other amendments approved and recommended by the committee are retained, such as the 15 percent requirement for multilateral lending. If the Senate chooses to undo what the committee is recommending in this and other respects, I certainly will not support the program for 1 year.

Lastly, in the column to which I have referred, the final paragraph says:

In a word, this is a pretty solid blow against the new form of isolationism which is Europe First and Asia Never.

Whatever that means—I do not know what it means; as far as I know, there is no new form of isolationism—I think what it is trying to do is to emphasize that we are now undertaking a great unlimited, as far as I can see—and vague commitment to bring the Great Society to Asia; certainly to non-Communist Asia—to Communist Asia only if they are willing to surrender and come in under the tent.

That is a very serious enlargement of our existing commitment.

This word "commitment" I have become allergic to. It has been used so often and with such repetition by the Secretary of State with regard to South Vietnam that I hesitate to use it.

But these commitments arise, apparently, not from solemn action of this body or of the Government, but from statements of some of our officials, which, if repeated often enough, become a commitment morally, if not legally, binding to the extent that authorizations or appropriations are requested and it is said that, "We are committed to do this." Now there is a commitment made in a recent speech by the President, echoed in several statements by the Vice President, the Secretary of State, and others, that we are committed to bring the Great Society to Asia.

Perhaps we should. I am not ready to pass upon that proposal, nor to approve it; and I am not ready to extend this program beyond a year until that type of commitment is clarified. I think it is very risky and a gravely dangerous matter to make a commitment of this nature without knowing where it will end up. I think that is one of the reasons we are in such serious trouble today. And we are in serious trouble.

Look at this morning's paper. The headlines on the front page of the Washington Post are enough to give anybody the willies. Not only is the President worried about the budget, but we have racial problems in practically every city of the country—Watts, Chicago, and now in the great State of Ohio which formerly had not been noted for its racial problems. This kind of strife seems to be spreading all over the country.

These are symptoms, I think, of the restlessness and the discontent in this country, not altogether unaffected by our very tragic involvement in a war in southeast Asia.

Someone mentioned the cost of the war a moment ago. The Senator from Indiana said that he had asked the Sec-

retary of the Treasury about the cost of the war.

The chairman of the Committee on Armed Services—and there is no better informed man in the Senate on this subject—told me within the week that the war is presently costing us \$2 billion a month, and it is escalating. The President is worried about the budget. Certainly, the administration is worried, because they are beginning to cut down and cut little projects. I spent a good part of yesterday talking about one little project involving \$60,000 for operating a fish hatchery in my State. That fish hatchery was built only last year. It is a very small, modest project.

The administration is quibbling about the \$60,000 it will take to pay a few employees to keep the hatchery in operation. This is almost ridiculous.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. PASTORE. Mr. President, does the Senator think that if we were to give a 2-year authorization we would automatically double the amount of money contained in the authorization bill? Are we not actually saying that it will be the same amount of money, but that they will have a 2-year period in which to commit this money wisely?

The point is that insofar as the money itself is concerned, it remains the same amount. What we are doing is allowing them a 2-year period within which to commit the same amount of money, rather than to commit it on a 9-month basis.

Mr. FULBRIGHT. It would be double that amount.

Mr. PASTORE. I do not understand that at all.

Mr. FULBRIGHT. Mr. President, does the Senator from Wyoming not consider that the amendment would commit us to twice as much money over a period of 2 years as against a 1-year commitment?

Mr. McGEE. The Senator from Wyoming understands that it does not involve a commitment at all. That has to be reviewed.

Mr. FULBRIGHT. I mean an authorization. We use the term "commitment" too loosely.

Mr. McGEE. The amendment would authorize the program for 2 years.

Mr. FULBRIGHT. And the authorization would entail twice as many dollars as would a 1-year authorization.

Mr. McGEE. I do not think so. Right now, we have two 1-year authorizations.

Mr. FULBRIGHT. It would be the same amount each year for 2 years.

Mr. McGEE. The Senator is correct.

Mr. FULBRIGHT. If it were \$100 for the first year and \$100 for the second year, it would be \$200.

Mr. McGEE. At the present time, \$100 for the first year and \$100 for the second year, the authorization would cover that.

Mr. FULBRIGHT. \$200, or twice as much.

Mr. McGEE. There would not be another nickel involved, and the actual use of the money would still be subject to the review of Congress.

Mr. FULBRIGHT. I know that. The point that I failed to make to the Senator from Rhode Island is that I am having very serious second thoughts about the validity of the undertaking in Asia.

I am not about to furnish a tool with which to carry out that program until I know what it involves, and certainly I do not want to go beyond 1 year. I am not sure that I will agree to 1 year because of these recent developments and commitments or statements which imply commitments far beyond anything that I imagine this country would ever entertain seriously. We eased into this situation. There have been no treaties which commit us to take the Great Society to Asia.

No bill has been introduced or passed. Commitments seem to rise like Topsy because of statements made by officials of our Government. Later on it is said that we are committed. Our Vice President made a broad pledge at Bangkok in a communique issued after he had been sent there as a representative of the President. In an interview a few months ago he said that we had undertaken a very broad commitment to bring about social, economic, and political advancement in Asia. I have inserted pertinent portions of the interview and an article concerning it in the RECORD.

Senators may read for themselves if they think I am misinterpreting the statement of the Vice President. This was a very broad commitment made by the Vice President.

One might ask whether he has authority to commit us. I used to think that he did not have such authority, but I am not so sure now.

I think these commitments ought to be clarified. We ought to understand how it is proposed to bring the Great Society to all the non-Communist Asian countries.

According to Mr. White in the newspaper this morning, this is the old Theodore Roosevelt doctrine, plus a carrot. It is a big stick plus a carrot. We have a big part of the big stick out there, and now we want to give them the carrot. I do not know whether they want the carrot. I know that they do not want the big stick, but that is another matter.

I do not want to be confronted by the Secretary of State a year from now and have him say to me that Congress voted for it, including the Senator from Ohio.

Therefore, I have reservations about extending it beyond 1 year, and I do not propose to vote for such an extension. I shall vote against the amendment; and if the amendment is agreed to, I shall vote against the entire bill.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McGEE. I appreciate the Senator's position and the reason for his change of position in the last year. We all change as we go along.

Mr. FULBRIGHT. Not everybody; many persons do not.

Mr. McGEE. I should like to ask about the Senator's statement made a year ago, in which he said there were two ex-

cellent reasons for a 2-year authorization. The first reason, the Senator said, had to do with the annual aid bills considered by Congress, requiring Members of the Senate to engage in meticulous, tedious, repetitious reviews of programs.

Is there anything in the Senator's misgivings concerning what has happened since last year that would alter that reason?

Mr. FULBRIGHT. Yes. The Senator from Wyoming has read all of that past statement, and I appreciate the attention he has given to it. He puts it down for historians to look at, and gets great pleasure out of trying to show an inconsistency.

I am quite willing to say that I feel different today—completely different—from the way I felt about the situation at that time. I feel different about a number of our involvements abroad. There has been a series of developments in recent months that disturb me.

I go back to the summer of 1964 and think of what I then thought was our foreign policy, and now observe what is happening. Is there any change in the Senator's mind between what he thought then that the party was going to do, and today?

Mr. McGEE. As a matter of fact, I was about to commend the Senator for any changes of mind. I think that only an ignorant man never changes his mind. I respect change. I only desired to have the Senator's reason for this change.

Mr. FULBRIGHT. I appreciate the Senator's intention. But I do not believe it is a profitable exchange at the moment. I already said that I have views about this program today that are different from my views about it a year ago.

Mr. President, I have nothing more to say about the program other than that I hope the Senate will not go against the committee. The Committee on Foreign Relations has a certain responsibility to work with foreign political relations. It is true that that Committee on Appropriations has taken over much of the legislative power of many of our other committees; and in wartime the activities of the Committee on Armed Services override nearly all other considerations.

There is, I believe, possibly a formulation of a policy involving commitments in Asia far beyond what any Member of this body dreams of at the moment. I have only become aware of it myself in the last few weeks and each day some new item appears that confirms a suspicion I have had as to how the rate of involvement is developing.

That is one of the main reasons why I will not vote for an extension of the program for more than 1 year.

Mr. MILLER. Mr. President, the real issue of this debate, it seems to me, is whether there should be single or multiyear authorization of foreign aid funds.

I think it is in order at this time to review and put on the record the pros and cons of the arguments. Perhaps, in doing so, some light will be shed on the question of foreign aid, a question which

is becoming more and more of concern to the American taxpayer.

The legislative history we write during the current debate may have farflung and far-reaching repercussions on when and whether we should phase out foreign aid, whether a new approach to assisting other nations should be and must be devised, or whether we shall merely enlarge our program of aid without regard to the need for restrictions and strings.

In 1961, Congress authorized a long-term authorization for the Development Loan Fund as well as for the Alliance for Progress. Since then, however, it has balked at giving the State Department, through the Agency for International Development—AID—a multiyear dispensation to make commitments over a period of years instead of substantiating a new request for aid funds each year. The proponents of a long-term basis did win something of a psychological victory in getting the Senate to give approval last year of the Foreign Assistance Act of 1966 to be on a 2-year authorization period, provided that the aid program, as presently constituted, should be abolished and reassessed at the end of that period.

The Senate in its report—Senate Report No. 170, on S. 183, 89th Congress—authorized a total of \$3.6 billion for fiscal year 1966 and \$2.6 billion for fiscal year 1967 plus funds previously authorized.

The House, on the other hand, in its report—House Report No. 321, on H.R. 7750, 89th Congress—provided funds only for 1 year, namely fiscal year 1966.

During its deliberations on the authorization for aid funds, the abandonment of the 2-year period found many Senate proponents in that an amendment—No. 220—to delete the 2-year period from the bill was defeated by a vote of 63 to 26. This vote by 26 Senators showed the strong remaining sentiment in the Senate against extending executive influence over the aid programs without annual questioning of the total aid concept in all its various facets by the Committee on Foreign Relations and later by the Committee on Appropriation.

Later, after Senate and House conferees issued their report for only a 1-year extension of aid funds, the conferees on the part of the House contended that they were not irrevocably opposed to the multiyear authorization, but could not bind their colleagues in subsequent sessions of Congress. The sentiment of the conferees was expressed in the proposal that their colleagues in both Houses give careful consideration in subsequent submissions for foreign aid funds for periods covering 2 or more years. They particularly urged the President to inaugurate a review of the foreign aid program as presently constituted and to direct it more effectively toward the solution of the problems of developing countries.

It is noteworthy that in August 1965, when the conference report for the authorization of 1966 aid funds was discussed in Congress, the Chairman of the House Committee on Foreign Affairs stated categorically that on their side the House conferees had given assurance of full discussion during the next authorization request for 1967, but that they

had not been asked for and had not given a commitment for a 2-year authorization.

In the discussion of the conference report by the Senate, the Chairman of the Committee on Foreign Relations noted that the previous Senate discussions might lead to fruitful reforms in the aid program and also that the House conferees had given assurance that future proposals for a 2-year or multi-year authorization would be examined with great care. The chairman said he hoped that, for the future, Congress would get away from the dreary cycle of 1-year aid programs.

MAIN ARGUMENTS

The main arguments of the proponents of multiyear authorization can be summarized as follows:

First. Wherever multiyear commitments had been entered into, but unforeseen circumstances arose, as in Cuba, the foreign aid administrators would be honor-bound not to continue such commitments because to do so would be inimical to the national interest. The delegation of long-term authority would have assurance from AID officials that they would act very circumspectly.

Second. In the event of unforeseen circumstances, the relevant committees of Congress could reassume jurisdiction and make legislative recommendations before the expiration of the long-term authorization.

Third. The annual, meticulous, tedious, and repetitious reviews of programs would be obviated. After all, many programs had been reviewed ad nauseam, specifications were known in great detail, and all that was necessary was the final carrying out of the details.

Fourth. Currently, foreign aid planners, programmers, and administrators are on a constant run to supply details to the various authorizing and appropriating committees of Congress. Time thus wasted in duplicating efforts could be spent more profitably in executing the programs if set up on a long-term basis.

Fifth. Proponents of longer authorizations contend that annual authorizations actually introduce hampering limitations on programs by changing requirements. Annual authorizations are vulnerable to the demands and pressures of certain domestic groups, such as shipowners and farm organizations, to change objectives and often the direction of aid.

Sixth. Proponents further contend that sometimes annual appropriations have contained reductions of crippling proportions, thereby negating some positive results achieved previously.

Seventh. Annual authorizations inhibit and thwart long-range efficient planning for economic development. To achieve positive, viable results in any underdeveloped country, continuous programs have to be considered over a period of time without major changes. Orderly planning and effective execution of development programs demand a consistent application of money and administration, and only long-range authorizations can assure these. Stopgap financing to meet crises only are inadequate for successful development programs.

Eighth. Proponents aver that long-term development and economic growth of underindustrialized areas should not be tied to the cycles of Congress. Changing Congresses set their own terms of reference, whereas economic development by the recipients of our aid should not be accelerated or retarded by the vagaries of outlook or intent of succeeding Congresses.

Ninth. Aid offers by the United States of America often are conditional on newer tax programs, social reforms and fiscal changes on the part of recipient countries and should not be interrupted by intermittent annual authorizations, which may be charged.

Tenth. Long-term authorizations would permit the effective procurement of items for long-range programs and phasing of orders for goods to be ready when needed. This is particularly true of military aid material.

Eleventh. Finally, annual control by Congress is retained by the necessity for annual appropriations of the money needed to fund the programs.

Opponents of multiyear authorizations utilize the following arguments to support their case:

First. There is no need for Congress to commit itself and succeeding Congresses to multiyear provision of funds, as it is obvious that Congress will provide the means to continue and finish programs underway. Since 1948, Congress has not reneged on its commitments for good projects.

Second. AID officials have objected to the so-called harassment of the annual scouting by Congress of their stewardship of public money. It has been proved time and again that wherever projects have been efficiently handled Congress has been more than willing to continue the funds for successful completion of viable projects. So-called annual, repetitious and critical appraisal may secure and insure better project management and objectives previously established.

Third. Time and again it has been proved that overplanning has resulted in the accumulation of unobligated balances of aid which could be diverted to other projects or eliminated.

Fourth. By means of an annual review, Congress keeps the officials administering the program on their toes. Dedicated officials have nothing to fear from this periodic scrutiny of programs and results.

Fifth. Congressmen try to be responsive to the wishes of their constituents. The general citizenry holds Congress responsible for the prudent use of tax moneys in our foreign aid ventures. Many taxpayers do not look favorably on long-term abdication of such responsibility by means of multiyear appropriations.

Sixth. Opponents aver that although foreign recipients might agree to institute certain reforms and changes in their own countries, once long-term funds are available from the United States, foreign governments either do not continue such reforms or even refuse to continue or cooperate on a reciprocal basis. In such cases the annual review can immediately result in a cut-off of funds that might be misused or

misspent. Unless motivated sufficiently to continue their economic development, some recipients might rely too much on the funds authorized—although not appropriated—by the United States for some years to come.

Seventh. Opponents answer the charge of long-range planning being thwarted by short-term authorizations by contending that most foreign aid projects seem to be overplanned rather than showing a dearth of planning.

Eighth. In view of the ever-changing political orientation of many nations with continuous crises, it would be wise for Congress to retain its hand over programs which might conceivably be abused if authorized for a period of years. It is better for Congress to be responsive to crises than to establish programs regardless of possible changes of the conditions under which the funds were committed.

Ninth. The contention that the recruitment of responsible AID personnel under annual appropriations is difficult has merely pointed to the fact that responsible public officials, able and willing to do a good job, are sought by all executive agencies. All regular agencies of the administration get annual appropriations and have the same difficulty in recruiting. Since AID may have to recruit for specific projects and short terms, it might be harder to find suitable officials.

Tenth. The composition of Congress changes; new men get involved in the changing aspects of aid and in its very direction; and foreign governments change, so that in the final assessment, it might be better to keep appropriations short term in order to take care of a possible eventualities in the ever-changing kaleidoscope of world events.

Mr. President, these are the arguments. They should be weighed heavily. The American taxpayer looks to Congress to give direction to the course of foreign aid in the years to come. And what we do will be scrutinized carefully in light of an almost endless stream of dollars—some \$120 billion in all—which have been channeled to foreign nations since 1948.

For my part, I supported the 2-year program last year, and I shall do so again today. I believe it represents a reasonable compromise, and the annual appropriation of money by Congress will still retain a reasonable amount of control.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment in the nature of a substitute. I ask that the reading of the amendment be dispensed with, but that amendment be printed in the RECORD. I can rather quickly explain its purpose.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 4, lines 5 and 6, strike out "for the fiscal year 1967," and insert in lieu thereof "for each of the fiscal years 1967 and 1968,".

On page 4, lines 9 and 10, strike out "year ending June 30, 1967," and insert in lieu thereof "years ending June 30, 1967 and June 30, 1968, respectively,".

On page 10, strike out lines 11 through 17, and insert in lieu thereof the following:

"(1) Strike out in the first sentence the words beginning with '1963, 1965, and 1966,' through the words 'year 1966' and substitute '1967 and 1968, not to exceed \$543,000,000 which sums are authorized to remain available until expended and, except for not to exceed \$87,700,000,'."

On page 10, strike out lines 19 through 21, and insert in lieu thereof the following:

"(3) In the final sentence, strike out 'June 30, 1965 and June 30, 1966,' and substitute 'June 30, 1967 and June 30, 1968,'."

Mr. LAUSCHE. Mr. President, the amendment I have offered as a substitute for the amendment offered by the Senator from Wyoming [Mr. McGEE] and other Senators contemplates the placing of a 1-year limitation on all programs of aid except the Alliance for Progress and the Development Loan Fund, which will be for 2 years.

In other words, it is identical with the proposal of the Senator from Wyoming, except that on the general programs for which there has always been a 1-year tenure, that 1-year tenure will continue.

The House of Representatives has adopted its bill fixing 5 years for the Alliance for Progress program, 5 years for the development loans, and 2 years for all other programs. As I have stated, the amendment I propose would fix 2 years for development loans, 2 years for Alliance for Progress, and 1 year for all other programs. In the committee, I voted for the 1-year program. I did so primarily to establish a base in disparity with that recommended by the House of Representatives, expecting that there would be a compromise that would be reasonably satisfactory in time.

I can say nothing more about my proposed amendment. Initially, I believed that reducing the 5-year tenure on Alliance for Progress and the 5-year tenure on development loans to 1 year was too drastic. I stand by that statement, and I suggest that instead of 1 year, it should be 2 years, in conformity with what Senator JAVITS and Senator McGEE have been arguing, but that on all other programs it should be 1 year.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. PEARSON. I should like to ask the Senator why he draws a line between development loans and development grants in the 2-year and 1-year programs; because, as I understand the proposed amendment of the Senator, it provides for 1 year under the grants and 2 years under the loans.

Mr. LAUSCHE. Yes.

Mr. PEARSON. I wonder whether the Senator can give us his rationale for that.

Mr. LAUSCHE. My rationale is that the loans are made on the basis of the programs that continue for a protracted period of time. Grants are made under technical assistance and in a number of other programs. That is the reason for the proposal which I have made, and, in substance, it is in conformity with what the Senator from Massachusetts [Mr. SALTONSTALL] implied should be done.

Mr. PEARSON. Is the Senator saying that the development grants are for programs limited to 1 year?

Mr. LAUSCHE. In substance, they are and they have always been limited to 1 year, the committee and the Senate feeling that each year we should come back to the Senate and request renewed authorization.

Mr. ALLOTT. Mr. President, will the Senator yield to me for a couple of questions?

Mr. LAUSCHE. I yield.

Mr. ALLOTT. I greatly respect the views of the distinguished Senator from Ohio, as he knows.

Two thoughts have occurred to me, and I should like to propound these questions about them.

The Senator from Ohio has separated in his proposed amendment the Development Loan Fund and the great program. The loan program is increased to a 2-year authorization while the grant program would remain a 1-year authorization. Is it not true that many of the grants are used in connection with the development loans? In other words, in the instance of a development loan for a given country to help build a certain mining industry or cement industry, or something of that sort, many of the grants are used in connection with those projects. So that in that instance it does not make sense, does it, to separate the time element between the loans and the grants?

Mr. LAUSCHE. I believe it positively does make sense. Congress has in effect recognized the difference between the Alliance for Progress program and the development loan program, on the one hand, and all other programs, on the other.

In 1961 a 5-year tenure was fixed for the development loan program, considering the fact that it required a carry-over. In 1962 a 4-year program was fixed in connection with Alliance for Progress loans and grants. But throughout each of the 5 years and the 4 years, all other programs were kept at 1 year.

The House of Representatives has likewise differentiated, and, in my opinion, with sound rationalization. In its bill, the House of Representatives provided 5 years for development loans, 5 years for Alliance for Progress, and 2 years for all other programs.

Mr. ALLOTT. I thank the Senator for his answer, although I must say that with respect to this one point I do not entirely agree with him.

Now, would the Senator answer this question for me. I am not sure that the differentiations that the Senator has mentioned—and he is entirely correct—have contributed to our troubles in many areas. So, in the substitute amendment proposed by the Senator it is proposed to make the Alliance for Progress a 2-year authorization—which is both grant and loan, I believe. Is it not?

Mr. LAUSCHE. Yes, it is.

Mr. ALLOTT. The substitute amendment proposes that both grants and loans be put on a 2-year basis, and it proposes that the rest be put on a 1-year basis.

Now, we recognize the great friendship of our Latin American neighbors. The Alliance for Progress is confined to Latin America. This is true.

Mr. LAUSCHE. Yes.

Mr. ALLOTT. So, what we would do and say to the rest of the world in effect, is this: We would say to the rest of the world that these people are our neighbors; they are close to us. Therefore, we give them a preference. We would say to the rest of the world, "We put you in a second category, and you will only be considered on a year-by-year basis."

I do not wish anyone to read into this question any suggestion of what I intend to do on the proposed amendment, but it seems to me that it would present the possibility of creating an adverse feeling among other countries outside of Latin America, in setting up what is really an artificial differentiation.

Mr. LAUSCHE. I cannot agree with the Senator from Colorado.

In the development loan program, the beneficiaries are nations all over the world. We loan them the money to develop infrastructure institutions of the government, and my proposed amendment provides for a 2-year program. That is likewise provided for under the amendment proposed by Senator McGEE.

Mr. ALLOTT. I am not talking about the amendment proposed by Senator McGEE. I am really directing myself solely to the amendment which the Senator from Ohio has offered. The Senator from Ohio is always constructive, and I agree with him on a great many things, as he well knows.

However, it seems to me that in passing a 2-year authorization for the Alliance for Progress, and then in saying to the rest of the world, "We only give you 1 year on this," a differentiation is made that is hard to explain to them. The difficulties of the State Department are compounded, and there is not any basis upon which to make this differentiation.

I should be happy to hear the explanation of the Senator from Ohio. I know this has been done in the past, but I do not believe that what has been done in the past is necessarily any criterion for what should be done in the future, because of the predicament we are in at present.

Mr. LAUSCHE. I have already explained that the development loan program, which is a substantial one, would have a 2-year period. All nations which are the beneficiaries of that program would understand that they have a 2-year tenure. The same situation would prevail with respect to the Alliance for Progress. It would be 2 years.

Therefore, I take the position, with the Senator from Colorado, that the 2-year period would be rather uniformly operative and would be equally effective with all nations.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LAUSCHE. Mr. President, I ask for the yeas and nays on my proposed amendment.

The yeas and nays were ordered.

Mr. SALTONSTALL. Mr. President, I wish to call this brief statement to the

attention of the Senator from Ohio [Mr. LAUSCHE]. I expect to support his amendment for substitution.

If the Senator from Colorado [Mr. ALLOTT] and the Senator from Ohio [Mr. LAUSCHE] will read the loan criteria on page 7 of the report of the committee, and then read the additional criteria for technical cooperation and development grants on page 10, I think there is a strong distinction between the two.

The development loan funds are essentially to build up more of a business basis, to build up private enterprise, and industrial property rights, and so forth, and whether or not the activity to be financed thereby will contribute to the achievement of self-sustaining growth. That is what the development loan is for.

If Senators will turn to page 10, the additional criteria for technical cooperation and development grants are more of an idealistic approach where we hope to try to help them build up respect for rule of law, freedom of expression, and freedom of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

In other words, it is less a business loan than the development loan. The development grant is essentially a boost for the country, whereas the development loan is to help them build up their business ability.

I believe there is a distinction.

Mr. LAUSCHE. Mr. President, I have the floor. I yield to the Senator from Colorado [Mr. ALLOTT].

Mr. ALLOTT. In reply to the statement of the Senator from Massachusetts [Mr. SALTONSTALL], I am completely aware of this. When a development loan is made it is made only once, whether it is made this year or next year.

Since many of these grants, these technical cooperation and development grants, are made in conjunction with development loans, it occurs to me that there is a question as to whether or not they should not be on the same basis.

Mr. LAUSCHE. Mr. President, I am prepared to have the issue submitted to the Senate for a vote.

Mr. McGEE. Mr. President, I shall detain the Senate for only 1 minute to suggest that I oppose the proposal of my friend from Ohio [Mr. LAUSCHE].

I believe it will tend to confuse rather than to clarify the issue across the board.

I believe the issue at stake is that of making our entire economical development a more businesslike organization and we cannot do it part way. We have to do it all the way.

I agree that some programs should have a longer span of time, but that needs to be worked out by wiser heads. I hope that the pending amendment will be defeated so that we can get to the vote on the multiyear authorization, the 2-year amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON], are absent on official business.

I also announce that the Senator from North Carolina [Mr. JORDAN], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Alabama [Mr. SPARKMAN], are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Alabama [Mr. SPARKMAN], would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from New Jersey [Mr. CASE] is necessarily absent.

The Senator from Kentucky [Mr. MORTON] is detained on official business.

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 23, nays 64, as follows:

[No. 143 Leg.]

YEAS—23

Allott	Dominick	Murphy
Bennett	Fannin	Pearson
Boggs	Hruska	Pell
Carlson	Jordan, Idaho	Saltonstall
Church	Lausche	Simpson
Cotton	McGovern	Tower
Curtis	Miller	Williams, Del.
Dirksen	Mundt	

NAYS—64

Aiken	Hickenlooper	Nelson
Anderson	Hill	Pastore
Bartlett	Holland	Prouty
Bayh	Inouye	Proxmire
Bible	Jackson	Randolph
Burdick	Javits	Ribicoff
Byrd, Va.	Kennedy, Mass.	Robertson
Byrd, W. Va.	Kennedy, N.Y.	Russell, S.C.
Cannon	Kuchel	Russell, Ga.
Clark	Long, La.	Smathers
Cooper	Mansfield	Smith
Douglas	McCarthy	Stennis
Eastland	McClellan	Symington
Ellender	McGee	Talmadge
Ervin	McIntyre	Thurmond
Fong	Metcalf	Tydings
Fulbright	Mondale	Williams, N.J.
Gore	Monroney	Yarborough
Griffin	Montoya	Young, N. Dak.
Harris	Morse	Young, Ohio
Hart	Moss	
Hartke	Muskie	

NOT VOTING—13

Bass	Hayden	Neuberger
Brewster	Jordan, N.C.	Scott
Case	Long, Mo.	Sparkman
Dodd	Magnuson	
Gruening	Morton	

So Mr. LAUSCHE's amendment in the nature of a substitute for Mr. McGEE's amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

Mr. MORSE. Mr. President, I should like to make this comment. The Senator

from Wyoming has laid great stress on the fact that last year the Senate passed a 2-year authorization bill.

Let me invite the attention of the Senate to the reason why the Senate passed a 2-year authorization bill.

It passed a 2-year authorization bill because that was the program worked out to amalgamate the Fulbright amendment and the Morse amendment. The chairman of the committee, last year, was asking for the longer authorization because my amendment of last year brought to an end completely the entire foreign aid program. That is what the Senate voted. The whole program was all to come to a stop at the end of 2 years, at the beginning of fiscal year 1967.

In the 2-year interval, there was to be a thorough study of foreign aid from top to bottom by a select joint committee of the Congress. It was to bring in its recommendations for procedures and conditions which were to be followed in connection with a new foreign aid program after 1967.

In order to give that committee, or commission, the necessary amount of time to do the work, a 2-year authorization was provided. That is why the Senate adopted a 2-year authorization. It has nothing to do with the situation with which the Senate is confronted today.

In my judgment, we would be making a great mistake if we did not make certain the Congress of the American people will take another look at the program 1 year hence.

That, in my judgment, is what the people are entitled to, and the argument that we adopted a 2-year authorization last year bears no relevancy to the problem which confronts us this year.

Mr. HARTKE. Mr. President, I want to point out further, that times are not normal. In relation to the cost of the war in South Vietnam and what we can expect there, on July 12, 1967, in the RECORD, on page 14587, in answer to a question from the Senator from Kentucky [Mr. COOPER], the Senator from Georgia [Mr. RUSSELL] gave this answer:

Mr. President, that is—

That refers to the cost of the war in Vietnam—

of course, a question that cannot be answered precisely.

The Secretary of Defense made the statement yesterday that the war in Vietnam was increasing the expenditures of the Department of Defense by \$1 billion a month. That would be \$12 billion a year. It is my own opinion that the war in Vietnam is costing us a good deal more than that amount. I think that it will run closer to \$2 billion a month, perhaps somewhere between \$1.5 billion and \$2 billion a month.

Mr. President, I want to have that in the RECORD today.

Mr. McCARTHY. Mr. President, just one point. A new Director has just been appointed. I think that we should examine their work over the past year. I see little in the RECORD to justify a 2-year extension. In the period since the agency was established as ECA in 1948—roughly 18 years now—there have been 11 Directors.

So no Director, on the average, has served even the 2 years. I do not think

we should put a burden on the Director for a program that will last longer than he likely will serve.

I ask unanimous consent that a list of the Directors of foreign aid programs and the periods of time they have served be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

AGENCY DIRECTORS OF FOREIGN AID PROGRAMS AND TERM OF SERVICE

E.C.A. (Economic Cooperation Administration): Paul G. Hoffman, April, 1948 to September, 1950.

E.C.A.: William C. Foster, October, 1950 to September, 1951.

M.S.A. (Mutual Security Agency): W. Averell Harriman, October, 1951 to January, 1953.

F.O.A. (Foreign Operations Administration): Harold E. Stassen, January, 1953 to June, 1955.

I.C.A. (International Cooperation Administration): John B. Hollister, July, 1955 to September, 1957.

I.C.A.: James H. Smith, Jr., October, 1957 to January, 1959.

I.C.A.: James W. Riddleberger, May, 1959 to February, 1961.

I.C.A. (Held over as Director): Henry R. Labouisse, March, 1961 to November, 1961.

A.I.D. (Agency for International Development): Fowler Hamilton, September 30, 1961 to December 7, 1962.

A.I.D.: David E. Bell, December 21, 1962 to July 30, 1966.

A.I.D.: William S. Gaud, July 30, 1966 to —?

Mr. CLARK. Mr. President, it is with deep regret that I find myself in disagreement with the Senator from Oregon [Mr. MORSE] and the other Senators who have expressed themselves in opposition to the amendment.

To my way of thinking, it is useless year after year after year to play this game of charades on foreign aid, as to whether it should be for 1, 2, 3, 4, or 5 years. The programs are always the same. The situation is the same. We ought to give the program a fair chance of working.

I hope the amendment of the Senator from Wyoming will be agreed to.

There would be an annual review by the Appropriations Committee, in any event. That is all that is required.

So I hope we can go back to the multi-year program which is contemplated in the amendment of the Senator from Wyoming.

Mr. MUNDT. Mr. President, as a member of the Foreign Relations Committee, I want to confirm what the Senator from Oregon has said. The reason we brought the bill out last time with a 2-year commitment was that, by an overwhelming vote, it had a termination date; that with the 2 years having expired, the whole operation would expire; that it was time for a restudy of the situation as to what America's responsibility was overseas, and how we could best meet those responsibilities.

We now have an aid program which has grown up faster than Topsy ever hoped to grow. It started in 1948. This is its 19th year. It had an antecedent before that, because back in 1945 we had UNRRA. We had "Bundles for Britain." We even provided Britain moneys which

allegedly were loans, but which developed into grants, to say nothing of lend-lease during the war.

So we have invested many billions in this kind of operation, under this type of authorization, without a reexamination, without a reexploration, without a high-level commission to determine how best to meet our various responsibilities, by doing the same monotonous thing, each year, and in each succeeding year probably doing it more ineffectively than in the year before. In this way we have now spent \$117 billion in this program.

It is now proposed to examine this program 1 year at a time, rather than to extend it 2 years at a time, without taking any interest in the mistakes which we can examine into and eliminate.

In addition to that, we have spent \$14 billion in other world war aid programs and \$14 billion in later multilateral arrangements, for a total of \$147 billion in this type of program.

All we ask is that at least Congress make sure that we face up to the responsibility we have to the American taxpayers to look at the program each and every year, to scrutinize it, to find out if there are not economies to be made and better procedures and methods to be followed.

No one is suggesting that we can eliminate entirely our foreign assistance program and abdicate our world leadership, but, at the same time, I would think every Senator would be uneasy about spending these billions of dollars with the paucity of information that is available to all of us.

We read in the newspapers that America is in a financial crisis. We read that there are proposals for higher taxes. We read about the high interest rates. We have the highest interest rates in more than three decades. Instead we get the answer, "Please do not bother us with the facts. Our minds are made up. We want to continue."

If we have any sense of responsibility, the least we can do is examine the program a year at a time. Who loses by that? Nobody loses anything. If there is merit in the program, we can appropriate for it. In that way we can authorize or appropriate greater or lesser amounts on the basis of the evidence. But by providing a 2-year extension, we lose the power and the right to correct mistakes that may occur.

We do something worse than that. We create an understandable expectancy in 40 or 50 or 60 or 70 foreign countries that they are going to have an entitlement to part of America's money in their budgetary processes. Those people can read and write. They know what we do. They can read that there is a 2-year promise and a 2-year pledge, and they know that America keeps its word.

I can visualize diplomats in the capitals of the world saying, "We will put so much income aside from taxes, we will put so much aside from license fees, we will borrow so much, but then we can add this much, more to our expenditures, because America will give this much money and Congress has authorized the program."

I cannot think of any more important thing to do, than to carefully scrutinize

this AID program when America is in a financial crisis, when we do not know what is going to happen tomorrow, because the world is changing so fast, when we do not really know who our friends are going to be next week. To project this program for more than 1 year at a time under those conditions is to me irresponsibility magnified.

I plead with my colleague in this body to limit the program to a year, so we can look at the whole situation. There are many things wrong with the operation. We continue to do the same things for the same country year after year. It reminds me of the country doctor who prescribed the same medicine for every patient without diagnosis. That is what the McGee amendment proposes. It proposes that we should continue with the same prescription but eliminate the diagnosis. The difficulty is that when the patient is given the same medicine for too long, it loses its potency and effectiveness.

In area after area of the world this program is being run into the ground. In some places it is doing good work, but it needs examination. I think the program needs a whole new approach insofar as America's responsibilities to the rest of the world are concerned. In order to ascertain if the program is doing the necessary job, we ought to undertake to examine, explore, and scrutinize the program every year as to where this money is being spent and how it is being spent. How are we going to stop, for example, the foreign government which needs money for budgetary reasons and when they get their hands on the money and use it for reasons for which AID would deny it, they thumb their noses at the United States. They expect to keep getting the money.

If we give them legitimate reasons for believing that we are going to examine into this program, then there will be a chance to economize in this very expensive area of public expenditures.

When we are confronted with the vast expenses of the Vietnamese war, what is wrong with saying that we will look at this measure every year?

I hope the McGee amendment is resoundingly rejected.

Mr. McGEE. Mr. President, I would not want the idea to prevail that Congress shall abdicate its responsibilities under this program. I am as interested as anyone else in seeing that the program is tightened up and seeing to it that every dollar brings as much as possible. Congress does not abdicate its appropriation power by appropriating every dollar for this program in every appropriation bill every year. That power is not changed in one single respect.

Every single part of this program has to be reviewed by the Appropriations Committee before it allocates a single dollar. Therefore, it is not the reckless and irresponsible spending of money and the bypassing of Congress; there is no change in the amendment on that. It simply does what the committee itself recommended a year ago should be done—namely, to recognize that economic development can only be carried on reasonably and effectively, and with

economy, if you can make an extended plan for that economic development. Most things are not economically developed in 12 months; it takes a long time. The effort and the planning are cumulative.

But in the proposal, we retain the judgment of Congress to determine whether the program is indeed working, whether it is a good investment, or whether it should be interrupted and money withheld. That power is completely retained by Congress.

I add that only to make sure we are not under any misapprehension as to what Congress is doing. Therefore, I hope the Senate will agree to the amendment, and accept the 2-year authorization principle.

(Several Senators addressed the Chair.)

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

SENATOR RANDOLPH SUPPORTS 1-YEAR FOREIGN ECONOMIC AID AUTHORIZATION; CITES WEST VIRGINIA VOTERS' INSISTENCE ON CONGRESSIONAL RESPONSIBILITY

Mr. RANDOLPH. Mr. President, in this debate arguments have been advanced on both sides of the 1-year versus the 2-year authorization.

Mr. President, this matter has caused me genuine concern. I feel, however, that it is necessary for me to vote against the amendment offered by the distinguished Senator from Wyoming [Mr. McGEE].

I bring to the attention of my fellow Senators two considerations of particular importance to the citizens in the State of West Virginia. I believe these same two propositions could also be advanced for many of our people across the Nation.

First, I have heard from many West Virginia citizens a recurring theme, especially of late—and that theme is "congressional responsibility." It is always helpful when our citizens indicate an interest in and appreciation of our obligations to them and to our country. With reference to this point, the statements I have read, over and over in my mail on foreign aid, can be summarized by a quotation from a letter by a concerned constituent:

We support more—not less—congressional control of the foreign aid program.

Second, it has been stated, and with some merit, that planning on an extended basis has certain advantages over the present 1-year program.

I think it is important that we realize that in planning, there is usually the argument made—and with logic—that we need a longer period of time if the planning is to be effective. But let us consider this particular problem, for, Mr. President, under the Elementary and Secondary Education Act, under the Economic Opportunity Act, under the National Defense Education Act, and under many of our other vital domestic programs, we allow our citizens, our own institutions, only 1-year proposals.

So, as I have studied these domestic legislative enactments, I have come to the conclusion that in the programs vital to our people here at home, we have been

acting in terms of these domestic efforts and the developments within our institutions, usually on the basis of 1-year proposals. It would seem that until we are prepared, and Congress has acted, to extend authorizations for our domestic institutions, businesses and schools, we cannot defend long-term authorization and approval of foreign aid expenditures.

I do not agree with all of the comments in the report of the Committee on Foreign Relations as they relate to congressional authority in other areas.

But I must take a firm position here. If we are to be conservative in our supervision of our domestic programs, we cannot then be overliberal with regard to foreign assistance.

Mr. MORSE. Mr. President, I wish to make a very brief statement in regard to the last argument of the Senator from Wyoming. He argues now that we should have a 2-year authorization as far as the Foreign Relations Committee is concerned, but only a 1-year program as far as the Appropriations Committee is concerned.

The Appropriations Committee is not the authorizing committee. The Appropriations Committee does not have the same responsibility as the Foreign Relations Committee, and the Foreign Relations Committee does not have the same responsibility as the Appropriations Committee.

But apparently, if the argument of the Senator from Wyoming is to be followed, the Foreign Relations Committee is to give up its annual authorization because the Appropriations Committee will act both as an Appropriations Committee and an authorization committee, by way of reviewing the program each year.

Mr. President, one of the reasons we have the specific functions of authorizing given to the so-called legislative committees, such as the Foreign Relations Committee, is to go into the facts and elements that should be considered in an authorization. That is not the responsibility of the Appropriations Committee. The Appropriations Committee should have the benefit of the authorizing considerations of the Foreign Relations Committee each year, when it comes to make its decisions as to what the appropriation shall be.

If we do not follow that course of action, then it seems to me the conclusion that must be drawn from the arguments of the Senator from Wyoming is that we ought to turn over to the Appropriations Committee the job of making the authorizing investigation each year, but deny to the Foreign Relations Committee the responsibility, which I think is clearly that of the Foreign Relations Committee, of conducting its hearings that determine what should be the recommendation to the Senate by way of authorization legislation.

Mr. MORTON. Mr. President, I have listened to the arguments of the Senator from West Virginia, the Senator from Oregon, and others.

It is apparent to me that if we authorize a dam in West Virginia, Oregon, Kentucky, or elsewhere, then we are somewhat at the mercy of the Appropriations Committee to build that dam.

I see no difference here. I think that the administration should have the power to authorize these projects, backed by Congress, as long-term projects, and if we decide to veto them, we always have the Appropriations Committee available to veto them, as they do any project in any State.

I shall support the amendment.

(Several Senators addressed the Chair.)

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

Mr. MORSE. I say to my friend, the Senator from Kentucky, that when we authorize a dam in Oregon or anywhere else, we have to authorize it on the basis of the proof, by the Army Engineers, of the cost-benefit ratio. But we throw millions and millions of dollars away in the foreign aid programs, without any proof of cost-benefit ratio. I submit that what we need to do here is to make a review each year of every part of the program, to implement some of the findings of the Comptroller General, which year after year show the shocking waste of the funds provided in our foreign aid programs.

Mr. MORTON. The proof is required before the authorization. I trust the Appropriations Committee to be sufficiently astute, if sufficient proof is not offered, to cut off the aid.

Mr. MUNDT. Mr. President, my friend, the Senator from Kentucky, could not be more grievously wrong when he thinks that the Committee on Appropriations is getting the benefit of the same kind of evidence on the projects which we authorize abroad that we insist on getting for every single project which we authorize and appropriate money for at home.

As the Senator from Oregon pointed out, those projects are studied by the Corps of Engineers. They are examined by witnesses. We insist on a cost-benefit ratio, and we have a mathematical calculation as to what is to be done. This is not done with respect to foreign aid. Someone comes up with generalities and says that some country ought to have some money and that we will build some projects for them. Most of us do not even know what the projects are. There is not enough time to examine them item by item by either the Committee on Appropriations or the Committee on Foreign Relations.

When we have another chance to look into the matter and have a longer period of time, we do begin to find out some of the facts, as we did in the India steel mill loan. We finally rejected that because we had time enough and opportunity enough to find out how many fallacies were involved in that project.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MORTON. The Senator would certainly find out about the cost-benefit ratio involved in a dam in South Dakota and I would do the same thing for a dam in Kentucky.

Mr. MUNDT. The Senator is correct.

Mr. MORTON. Why can we not find out about one in India?

Mr. MUNDT. We did finally find out after a great deal of quibbling. We did get some kind of calculations on the steel mill. If we had only one in India we could perhaps do so, but when we are shoveling the money out by multibillions of dollars a year all over the world and beginning to shore up some of the projects that we are already involved in, it becomes an impossibility.

I am very much surprised by my congenial friend, the Senator from Wyoming, who believes in traffic safety, but who is proposing that we run this expensive foreign aid machine by the use of the old-fashioned two-wheel brakes instead of four-wheel brakes. He wants to eliminate part of our check. He wants to cut big holes in the screen. Instead of having the Foreign Relations Committee, which specializes in these projects, take a look at the matter, he states that they will do it every 2 years, and that the Appropriations Committee will assume the annual responsibility.

I have had some experience as a member of the Committee on Appropriations. I happen to be the only member of the Committee on Foreign Relations who also serves on the Appropriations Subcommittee that deals with the State Department.

I know something about how that operates. They resolve the issue in the Committee on Foreign Relations by saying, "We do not have to worry. We will authorize so much and the Committee on Appropriations will cut it down."

Then I sit on the Committee on Appropriations, and I put on my other hat. The argument then from the administration is, "You have already authorized the amount. We have a commitment with foreign countries. It must not be reduced."

In such a case I am caught in a withering crossfire like a green wing Teal, on a duck pass on the opening day of the hunting season. I feel that what we need is more, not fewer, available brakes.

Let us not go back to the old-fashioned two-wheel brake automobile in these days of traffic safety. Let us apply to this situation now all of the good judgment, all of the prudence, and all of the opportunity for examination that we can bring to bear as we deal with this very vexing problem of seeing how we can meet our foreign obligations abroad most economically and most effectively.

I think the Senate will act in good conscience and will meet its responsibilities best by voting against the McGee amendment.

Mr. JAVITS. Mr. President, together with Senators FONG, HARRIS, INOUE, MOSS, NELSON, and DOUGLAS, I sponsored the 2-year amendment.

I was very glad to have the Senator from Wyoming [Mr. McGEE] and the Senator from Alabama [Mr. SPARKMAN] take over as members of the committee. However, now that the amendment is challenged in this way, I think it is only fair that I speak a word in behalf of the amendment. I believe that our discussion has gone rather far afield. Although my beloved colleague, the Senator from West Virginia [Mr. RANDOLPH] says that elementary and secondary education is

provided for 1 year, we have half a dozen programs that are multiyear programs. We have higher education, manpower training, and many other smaller programs, such as aid to delinquent youth and other programs, that extend for 2, 3, or 4 years.

I have been a member of many conference committees which have authorized such a time limitation.

This is done for efficiency of operation. The two-wheel argument that the Senator from South Dakota [Mr. MUNDT] advances involves forecasting the plans for 1 year. Senator PASTORE has already pointed out that when we finish the process, we have about 8 or 9 months remaining.

We are thus crowding our administrators with enormous amounts of money that we want them to spend with judiciousness, but we give them no time to be judicious and no amplitude to work with other countries to make the program judicious. We are defeating ourselves.

Mention was made of business. I am supposed to know something about the operation of business. American Telephone & Telegraph, General Motors, or any other important corporation would not do what we do in dealing with these authorizations. They would not let their people plan ahead for 8 or 9 months. They forecast their programs for 10 years. That is what the big corporations think of the way in which to run a railroad. They deal with business in terms of years ahead.

The Committee on Appropriations has a duty. The authorizing committee has a duty. We have granted multiyear authorizations on foreign aid on previous occasions for very good reasons. We did it in the development loan fund and in the Alliance for Progress.

We have come down to the 1-year basis as an expression of dissatisfaction. That is what the distinguished chairman of the committee says in effect. He says, "I am unhappy with this program. I do not like what somebody said out in Asia." It happens that the occupant of the chair is the one who made the remarks, but that is not the issue.

The issue before us is not whether we are happy or unhappy with the program. If we are unhappy, we will vote against it. If we are happy, we will vote for it.

The issue is the most efficient way to administer the program, and the most efficient way is not to provide for an 8- or 9-month basis. It is not to be suspicious that the Committee on Foreign Relations is improvident and that the Committee on Appropriations is also improvident. If that is the case, we are all wasting our time. We have no business to pass any legislation.

I must assume that I have enough brains to vote yea or nay if someone moves to cut the appropriation. I will demand proof, and I will not go to sleep and become somnambulant because this is a 2-year program. When it comes to negotiations with foreign countries—and that is really what the Senator has in mind—those countries are very much handicapped on foreign aid. We cannot

even tell them what we will do after the next 8 or 9 months. That is unfortunately the situation at the present time.

For those reasons, because the checks and balances are maintained by appropriation and by legislative oversight and my shaking our finger at the administration—which we often do and get very good results—we ought to be reasonably efficient and request some kind of a multiyear authorization. That is the reason for the amendment.

Mr. ALLOTT. Mr. President, I shall not detain the Senate for a long time. However, I should like to make a couple of comments.

I have been one of those Senators that through the entire time that I have been in the Senate have supported foreign aid, and more vigorously than some of my colleagues.

I have also been one of those who have from time to time supported multiyear authorizations.

I think that something needs to be said to clear up the matter with respect to the argument of the Senator from Wyoming, the Senator from Oregon, and others with respect to this matter.

I believe that there is no one who feels basically that this program is entirely on the right track. Questions come up every year with regard to this matter, questions which give grave concern to all.

I think we need to understand that the proposition we are discussing here has become confused. The functions of the Committee on Foreign Relations and the Committee on Appropriations are two entirely different things. It is not, for example, the province of the Committee on Appropriations basically, though it may do so, to go into matters of policy.

How has the administration of foreign aid affected our policy with respect to Latin America or with respect to European countries or with respect to Near Eastern countries?

This is not the basic function of the Committee on Appropriations. I say this without in any way detracting from the extensive responsibility of the Committee on Appropriations: We do not have the staff to perform the functions which should be performed in the supervision of this appropriation. If we are going to perform this function, if we are in fact going to take the place of the Committee on Foreign Relations for 1 year out of 2, a drastic change would be necessary in the staffing, in the meetings, and in the investigation of the Committee on Appropriations.

That can be done, of course. But I believe it is the function of the Committee on Foreign Relations to determine whether loans, for example, were made properly, whether they were not made properly, whether more money should go to another area. This is their function. And then it is the function of the Committee on Appropriations, after that, to decide how much shall be appropriated, subject to the consent and the will of the Senate.

It has been said that we would be handicapped in our dealings with other countries if the 2-year authorization is not granted. That is not so. The dis-

tinguished Senator from South Dakota brought this out very ably. If a 2-year authorization were in effect, Congress almost inevitably would be put in the position of appropriating and supporting that authorization with funds. If the Department of State, in dealing with country X, said, "Well, we have this much money authorized for next year," and then it took particular action, how could Congress turn around and say to the Department of State, "We are sorry, but we are not going to give you the money for it"?

Actually, I believe our bargaining position with other countries could be strengthened without the 2-year authorization, at least until the whole foreign assistance program had progressed to the stage where we felt that we had it under control, where we felt that it would be a vital instrument in the foreign policy of this Government, and where we felt that it would be a vital instrument which the President could wield for the benefit of the foreign policy of this country. That foreign policy, of course, is for the benefit of the American people.

For these reasons, Mr. President, I am compelled to vote this year against the proposed amendment, because I have changed my mind and my feeling from past times.

I might also add that last year the 2-year authorization that was adopted by the Senate was contingent upon a study of the whole foreign aid program, and that the present foreign aid program terminate at the end of 2 years. It was anticipated that a new and completely revised foreign aid proposal would be presented to Congress at the end of 2 years, and the primary function of 2-year authorization was to grant the study commission time to do a thorough analysis of our present foreign program and formulate a new proposal. However, that provision was deleted in conference.

If we are not to have such a study, I should like to see this whole matter gone into thoroughly year by year by the Committee on Foreign Relations. I believe we would come up with a policy, with respect to our foreign assistance, which would be of far more aid to this country and to the President in the implementation of his foreign policy.

Mr. COOPER. Mr. President, I shall vote for the 2-year authorization, chiefly upon the grounds which have been so well argued by my colleague from Kentucky [Mr. MORTON] and by the senior Senator from New York [Mr. JAVITS].

The Committee on Foreign Relations has not reported a bill abolishing foreign aid, nor has it recommended that its bill be defeated. I assume that what the Committee on Foreign Relations is attempting to do is to assure the most economical, the least wasteful, and the most useful and effective operation of the foreign aid program—and with this purpose I agree.

But, I believe the 1-year authorization which the committee recommends will have exactly the reverse effect. I say that for these reasons. I do not believe that a foreign aid program attempting to secure maximum economic and agricultural growth can be operated success-

fully upon a 1-year authorization. Economic growth and development plans call, in their large sense, for hydroelectric plants, dams, reservoirs, iron foundries, concrete factories, the development of highways and railroads, and all such facilities that are essential for the economic growth of a developing country.

No enterprise in our own country could possibly develop a program for its own industry upon such a basis as 1 year.

Today, the President, Congress, and many private associations throughout our country are talking about the shortage of food in the world and the necessity for speedy agricultural development. For the United States cannot supply the world with food indefinitely. But to develop agriculturally, fertilizer plants must be constructed, chemicals purchased abroad. Provision must be made for the importation of oil or other fuels to run the plants and all this cannot be done in a year.

The United States has a persistent balance-of-payments problem, although with rather adequate resources so far as our normal trade is concerned. But the developing countries have small reserves, and they must manage their limited reserves carefully and look beyond 1 year. It is beyond reason to think that a country would commit its reserves to the construction of an industrial project of any magnitude or to agricultural development when it did not know that the project could be completed.

A 1-year authorization is self-defeating, if our purpose is to have an effective aid program. In past years, I have spoken for an effective aid program. A year ago, I argued that it would be best to discontinue the aid program for 6 months or a year, to review its operation country by country. In 1964 I proposed an amendment, which was adopted by the Congress, addressed to the very point the Senator from South Dakota spoke of a while ago: my amendment recommended that the President establish an independent commission composed of outstanding citizens, some from the administration, and some from private life, to examine specifically our aid programs in every country and to recommend whether the aid program in each country should be abolished, continued and how improved. Congress adopted the amendment, the President appointed a committee, and I hope that committee will make its report to Congress, as well as to the President.

If we want to abolish the aid program, that is one thing. If we want to reduce the authorization, that is one thing. But I do not believe, from some experience and commonsense, that we can have an effective aid program based upon a 1-year authorization. I say with great respect for the Committee on Foreign Relations that if the committee can tell us specific countries that should not be aided, I believe we would listen to the committee with great respect and strike the countries. If it can pursue its investigations—and I think it can—and tell us in what respects aid should be prohibited or improved any country, I know that we would listen to the committee.

But it does neither. It will accomplish nothing, except to make the program more ineffective, to maintain it for 1 year.

Mr. RIBICOFF. Mr. President, continuity and unity of purpose must be the hallmarks of an effective foreign assistance program. If that program is to achieve its goal of a better world tomorrow—it must move with persistence to change many of the social and economic conditions of today.

Three Presidents, numerous presidential study commissions, and at least several congressional committees have recognized this necessity which they translated into forceful recommendations. Let me give you some examples.

President Eisenhower said in 1957:

I believe our common objective can best be accomplished through a long-term authorization of appropriations . . . obviously sound economic development is not a year to year undertaking, but a continuing process.

A study prepared in 1957 at the University of Chicago for the U.S. Senate Special Committee To Study the Foreign Aid Program, stated:

An economic aid program must be conceived as a long-run enterprise, and some guaranty of its duration is as important as is the total magnitude of the program. For . . . the process of economic development takes time, and the execution of an effective development plan requires a fairly high degree of assurance that sufficient funds will become available as the program unfolds in coming years.

In the Economic Assistance Programs and Administration, published in 1959, we find this statement:

The effectiveness of economic aid can be greatly increased if the principal programs aimed at development—Development Loan Fund lending, technical assistance, and surplus agricultural commodity aid—are authorized and funded on a longer-range basis than at present. . . . The present annual authorization for technical assistance does not provide an adequate basis for a continuing program, and continuing legislative authorization is desirable.

The Agency for International Development was established in 1962 because of these recommendations and others that were equally strong. Yet, for the past 4 years, we have ignored the main reason for creating that Agency: To foster a continuing and coherent program of foreign assistance.

Last week, the House of Representatives fulfilled a promise to the Senate. For in last year's conference report on the Foreign Assistance Act of 1965, the House managers promised to review with special care the concept of multiyear authorizations for the 1966 AID bill. The House did this—and after long consideration, decided that the Senate had charted a wise course the year before.

I agree. I think the Senate acted wisely last year. I am anxious that we follow through on the course we charted earlier.

By its very nature, an economic aid program is incredibly complex. For such a program is aimed at bringing to less developed societies the advantages of the 20th century just as rapidly as possible. To do this, an economic aid program must employ the latest techniques of management and planning. Like a mod-

ern business, both the nation giving assistance and the developing nation that receives it must have the opportunity to plan for the future with purpose and foresight. In fact, both must work and plan together. For successful development can only be the product of partnership—a partnership in planning and working for the world of tomorrow.

Mr. President, a foreign aid program that is less efficient—and therefore less effective—than it need be, goes contrary to our national interest. It means a waste in time, money and energy—a waste the United States and the world can ill afford.

The job of helping the developing nations become self-sufficient is urgent and essential. To lend the most useful helping hand, we must discard antiquated methods—and especially the single-year authorization to which we have clung. Indeed, a multiyear authorization for our aid program will allow for necessary planning ahead. This is why I support the amendment for a 2-year authorization that is before the Senate today.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. McGEE] for himself and other Senators. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FANNIN (when his name was called). On this vote I have a pair with the junior Senator from Maryland [Mr. TYDINGS]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. SMATHERS (after having voted in the negative). On this vote I have a pair with the junior Senator from Alabama [Mr. SPARKMAN]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. HARTKE (after having voted in the negative). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. INOUE. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I further announce that the Senator from North Carolina [Mr. JORDAN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD] would vote "yea."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Maryland would vote "yea" and the Senator from Alaska would vote "nay."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting the Senator from Washington would vote "yea" and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from New Jersey [Mr. CASE] is necessarily absent.

If present and voting the Senator from Pennsylvania [Mr. SCOTT] and the Senator from New Jersey [Mr. CASE] would each vote "yea."

The position of the Senator from Arizona [Mr. FANNIN] has been previously stated.

The result was announced—yeas 35, nays 48, as follows:

[No. 144 Leg.]

YEAS—35

Anderson	Javits	Morton
Bartlett	Kennedy, Mass.	Moss
Bayh	Kennedy, N.Y.	Muskie
Clark	Kuchel	Nelson
Cooper	Mansfield	Pastore
Douglas	McGee	Pell
Fong	McGovern	Prouty
Harris	Metcalf	Proxmire
Hart	Miller	Ribicoff
Holland	Mondale	Williams, N.J.
Inouye	Monroney	Yarborough
Jackson	Montoya	

NAYS—48

Alken	Ellender	Pearson
Allott	Ervin	Randolph
Bennett	Fulbright	Robertson
Bible	Gore	Russell, S.O.
Boggs	Griffin	Russell, Ga.
Burdick	Hickenlooper	Saltonstall
Byrd, Va.	Hill	Simpson
Byrd, W. Va.	Hruska	Smith
Canon	Jordan, Idaho	Stennis
Carlson	Lausche	Symington
Church	McCarthy	Talmadge
Cotton	McClellan	Thurmond
Curtis	McIntyre	Tower
Dirksen	Morse	Williams, Del.
Dominick	Mundt	Young, N. Dak.
Eastland	Murphy	Young, Ohio

NOT VOTING—17

Bass	Hartke	Neuberger
Brewster	Hayden	Scott
Case	Jordan, N.C.	Smathers
Dodd	Long, Mo.	Sparkman
Fannin	Long, La.	Tydings
Gruening	Magnuson	

So Mr. McGEE's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. MORSE. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. SMATHERS. Mr. President, in announcing the overall budget results for fiscal 1966, today, the President warned against excessive spending in 1967. The deficit for fiscal 1966 was more than \$4 billion below the level predicted in the January budget document. This is a tremendous accomplishment in the space of 6 short months. But unless we in the Congress exercise restraint, the 1967 deficit, far from being reduced, will be sharply raised.

The President sent up a budget calling for \$112.8 billion in expenditures.

Several major additions have already been made to that budget: the cold war GI bill added \$255 million to the budget proposals; the July 1 effective date of the civilian and military pay bills added almost \$500 million.

The two appropriation bills which have been enacted call for small cuts in the President's budget. But other appropriation and authorization actions are now underway which could add billions to the President's budget.

Various committees of the House and Senate are in the process of adding large amounts—as much as \$4 to \$5 billion—to the President's budget requests in education, water pollution control, agriculture, and in other fields.

If you subtract from the President's 1967 budget, defense expenditures and expenditures for such noncontrollable items as interest on the public debt and veterans' pensions, there are only some \$22 to \$23 billion left. If we add \$3 to \$5 billion to the budget, there just is not room in this total to make offsetting reductions elsewhere.

We all know that it may be necessary to provide extra funds for the conduct of the war in Vietnam. If, in addition, we add to the budget billions of dollars in civilian programs, we have voted ourselves either inflation or a large tax increase. One of those two consequences is sure to follow.

In recent months the economy has grown a little more slowly than it had last winter and early spring. Some of the inflationary pressure has been removed by the decline in auto sales and housing starts. Prices have risen more slowly—primarily because the rise in industrial prices has been masked by the fall in farm prices. But these economic developments provide no warrant for raising budget expenditures and increasing budget deficits.

The President has asked businessmen and labor leaders to exercise restraint in their wage and price policies. He has asked business firms to defer some of their investment plans in the interest of easing inflationary pressures. He has also asked the Congress to refrain from adding substantial sums to his budget.

I urge all of my colleagues to heed the President's request. Congress, of course, will and must exercise its prerogative of reviewing the President's budget requests and making adjustments in his proposals. But let us make balanced adjustments. Let us exercise responsibility along with prerogatives. Let us join with the President in developing a fiscal policy which meets the needs of the times. And in view of the inflationary pressures in the economy, the times call for prudence, for restraint, for responsibility.

Mr. DIRKSEN. Mr. President, I send an amendment to the desk and I ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk read as follows:

On page 20, between lines 3 and 4, insert the following new subsection:

“(f) (I) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding a new subsection as follows:

“(p) No assistance shall be furnished under this Act to any country when the government of such country or any government agency or subdivision within such country is indebted to any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, and such government, government agency, or government subdivision fails to consent, within six months after the making of a request therefor, to have the claim of such United States citizen or corporation, partnership, or association submitted to arbitration under the Convention on the Settlement of Investment Disputes ratified by the United States on June 1, 1966.”

“(2) The provisions of this subsection shall take effect immediately upon the date the Convention on the Settlement of Investment Disputes shall enter into force with respect to the United States.”

Mr. DIRKSEN. Mr. President, it is a great many years ago that I came before the Committee on Foreign Relations in connection with a claim of an American citizen against the Republic of Haiti. In this case, it happened to be an engineering and architectural firm which had not only completed 300 houses in Porto Prince but the houses had also been accepted by the Government, which was collecting rents from the properties but refused to pay the architect and the engineer what was rightfully due them, including interest on borrowed money.

I do not know how long we shepherded that claim through the State Department before it was finally adjudicated, because the former President of Haiti, as everyone remembers, absconded with the funds of his country and has not been heard from since. However, that was no reason why Haiti should not pay its just debts.

It so happens that was an adjusted debt. The claim had been fully ascertained and, therefore, there was nothing else to do except to pay it. But it was difficult to secure payment, and at that time I authored a proposal in the nature of an amendment to the Foreign Aid Act making a provision that aid should be withheld until they paid their just claims. These claims have arisen from time to time.

Some time back, another one came to my attention which does not happen to be from my State. I am rather reluctant always to get too deeply into claims of that kind, but this one had some merit. I think something should be done to prevent our citizens from being harassed and to prevent the inconveniences constantly imposed upon them.

This latter case happens to be one where Federal money in the form of an AID loan and grant was used in Iran for the purpose of building a sawmill. They built a perfectly good sawmill, but could not find anyone to operate it; and so the project became something of a fizzle. They finally discovered a man in California by the name of Fairhurst, but he insisted on having a contract for the operation of the mill.

This was the contract under which he was to receive 50 percent of the profits. He knew all about lumber, timber, how to saw it up into usable sizes in dimension lumber. The net result was that it became something of a gold

mine, and I am afraid a few folks in Iran decided that this was too much of a one-way street and the question became: What to do about Mr. Fairhurst. At long last, they made life rather miserable for him. They refused to pay him all or any part of his claim.

Now I think there is merit on both sides, in the sense that probably the original claim was entirely too high. I presume Mr. Fairhurst made some token capital investment, perhaps \$300,000 or \$400,000. Generally speaking, the money was AID money, so that is where it was left.

When Mr. Fairhurst was compelled to terminate his contract, all he requested was reimbursement and compensation. That was not forthcoming, so that he had to make trips from California to Iran and back with no results. I think on one or two occasions they told him that if he came back they would put him in jail. Of course, if he were so immobilized, he would be in very difficult circumstances indeed. Well, it was about that time when this claim came to my attention, and I began to discuss it with the State Department. I do not know how many times we discussed it. I have discussed it with AID officials, including Mr. Bell, who came to my office only last week.

Now it appears that the Iranian Government recognizes that there is a claim. They have made an offer. Mr. Fairhurst, on the other hand, has come down in his demands, but he does not believe that the Iranian Government will pay him quite enough.

The question then is, When one cannot bring the parties together, where does he go to arbitrate the claims? One might go to the International Court, but that is a long-drawn-out controversy. One might go to the International Chamber of Commerce. I do not know whether they have been too successful in the arbitration of these claims. My understanding is that during the past year they have had but a single claim before them.

But now, on the 1st of June of this year, the Senate approved a convention which deals with the settlement of international disputes and which sets up an arbitration board in the World Bank. That would be ideal because nearly every country is a participant and subscriber to the capital stock of the World Bank.

If, then, they have an arbitration board, that would be the logical place to go. Thus, the amendment states that if there is a request to go to that board for an arbitration of the claim, and if within 6 months there is a refusal on the part of either party to do so, then, of course, the interdiction upon aid from this country comes into play and we stop giving aid until that claim is adjusted. That works no hardship on either side. I think it is perfectly fair. It is not a threat particularly. It is only that a country should pay its proper debts to a citizen of the United States when that citizen has been willing to go before an arbitration board which, by a vote of the Senate, in a convention of a class B treaty has already given its approval. That is all it says.

I am rather distressed, I regret to say, that these things have to be done. I wish they could settle the differences without having to appeal to governments. But in this case it happens that the sawmill was built with AID money and it was built for the Iranian Government.

Certainly, under the circumstances, Mr. Fairhurst has no choice except to make an appeal to some branch of government for assistance.

Now, Mr. President, that is the whole story. I earnestly hope that the chairman of the committee will take the amendment to conference, and if it needs any retouching or repair I will be very glad to concur, provided of course, that it does not destroy the substance and the effect of the amendment.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Does the Senator from Illinois yield to the Senator from Arkansas?

Mr. DIRKSEN. I yield.

Mr. MORSE. Mr. President, I rise to endorse the amendment offered by the Senator from Illinois.

Mr. FULBRIGHT. Mr. President, I ask the Senator to yield to me.

Mr. DIRKSEN. Yes; and I have yielded.

Mr. FULBRIGHT. I wanted the Senator from Illinois to yield to me first. I heard about this case before. The Senator knows that on general principles, I have objected in the past to using aid to accomplish an ulterior and irrelevant purpose.

We have engaged in some severe arguments on various other amendments—not this one, which is a little more closely related to the operation of AID than some of the agencies referred to. There is some difficulty about it, in that I do not suppose Iran—I do not know—but it is not yet a member of the convention of settlement of investment disputes. The Senate ratified it only recently.

Mr. DIRKSEN. The Senator is correct.

Mr. FULBRIGHT. I do not know whether the people feel that this was being arbitrary in bringing it in. In other words, it is a question of, does it answer the purpose. That is a matter on which I do not have an opinion at the moment. This was not submitted to me. I know about the claim, but I am not sure that this is the wise way to go about collecting it. However, I agree with the merits of the claim and what the Senator has told me, that it should be settled. It is a valid claim. I am in favor of doing anything reasonable that would help to get it settled. Speaking for myself, I would be willing to take the amendment to conference, and have further consultation on it, if it is a wise way to proceed. If not, then with an amendment on investment disputes, or perhaps some other section can be thought of, if the Senator has any additional thoughts. But I think it may be inappropriate if they are not members.

Mr. DIRKSEN. Somebody may suggest a different course, but in examining the available courses, this one looks like

the one more readily accessible. It takes a given number of ratifying countries before it comes into effect, even if Iran does not ratify. Then there is actually a world arbitration board, where an interested person can go. I think the convention will be ratified.

Mr. MORSE. Mr. President, I heartily endorse the amendment of the Senator from Illinois. In fact, I shall be happy to join as a cosponsor of the amendment, if the Senator will so honor me.

Mr. DIRKSEN. I would be happy to have the Senator sponsor the amendment.

Mr. MORSE. The Senator from Illinois is offering the amendment not solely because of the fairness of the case he refers to; he is offering it because some foreign countries refuse to pay just debts to American investors, yet ask AID money to carry out programs very similar to programs we are urging private investors to invest their money in.

I shall have something to say about the Fairhurst case in a moment.

We often hear statements about international procedures through international law, through making use of the law, for the settlement of good-faith disputes that arise between the United States and other governments, or between governments and citizens. This is in the same family of problems, it seems to me, that was contemplated when the Hickenlooper amendment was under consideration and was adopted in regard to the obligations of foreign governments in expropriating American property in their countries without paying just compensation therefor.

The Senator from Illinois [Mr. DIRKSEN] has made a very constructive suggestion with this amendment. I am happy to endorse and sponsor it.

It is no new position for the Senator from Oregon. As a member of the Foreign Relations Committee, the Senator from Oregon has always backed the Senator from Iowa [Mr. HICKENLOOPER] with regard to the Hickenlooper amendment. I have from time to time on the floor of the Senate sought to expand the objectives of the Hickenlooper amendment in cases of private investors.

There are many trouble spots in the world where we have let down our own American investors in not doing everything that can be done to collect the fair amount of money due them. If this country continues to pour out foreign aid by the billions of dollars, it is not right, and it gives more and more cause for legitimate criticisms of AID.

In my judgment, AID has not been at all cooperative in these problems. As I have raised these questions with AID, I have felt AID took the attitude that these were problems involving American citizens that had at best nuisance value, because it made it difficult for AID in its diplomatic relations with the country which was going to get aid. In my opinion, in many cases it was aid that was foisted on the country, rather than given on the basis of a record that the country really needed it.

I think the pending amendment is sorely needed in order to improve AID

practices, if not AID policies. It has become the unusual policy of AID not to be of assistance in these cases as it should be. We must have this kind of restrictive legislation that leaves no room for doubt as to how Congress stands with regard to investments of American investors.

This is no new position for the Senator from Oregon. Last year, when we were considering the Foreign Assistance Act of 1965, I brought to the attention of the Senate a new type of expropriation instigated by the Government of Venezuela. It was with reluctance, but out of necessity and conviction, that I proposed that the Alliance for Progress program be reduced by \$100 million, in order to bring about a change in attitude in Latin America, in regard to sitting down and trying with us to arrive at a better understanding. As I have long mentioned, if a sovereign foreign government wishes to condemn property, that is its right of sovereignty. However, such condemnation should be compensated for and the private owner should be paid just and reasonable compensation.

I recall that last year, in Senate Report No. 708, relating to the foreign assistance and related agencies appropriation bill of 1966, the attention of the Appropriations Committee had been "directed to a situation in Iran where there had been a flagrant violation of the rights and interest of an American concern by the Iranian Government."

The Senator from Illinois speaks of the problem on the floor of the Senate today, but it was a problem that was with us last year. As Senators know, the AID people had their attention called to it last year. The fact of the matter is that the AID people did not show any willingness to take those administrative steps that would be helpful in this problem.

The Senate Appropriations Committee at that time expressed their desire that the State Department vigorously pursue this matter and secure a prompt and equitable settlement. Mr. President, this concern of Congress was expressed nearly a year ago. Since that time I understand that the Iranian Government has continued to refuse to arbitrate the claim of Fairhurst Technical Services International, a California corporation, wholly owned by American citizens. Nevertheless, it is a lumber concern with a history of operations in my State. I am very familiar with the concern and the part it has played in the development of the American lumber industry. It was an appropriate company for the Iranian Government to seek to bring to Iran its techniques and technology for the development of a sawmill in Iran.

In my minority views that I have attached to the Foreign Relations Committee report on S. 3584, I stated:

The only realistic test of sound economic aid is results. The major way to test results is to measure them against what was planned or anticipated when an aid program was begun. When the results fail to measure up, Congress must write corrective measures into the program, for the American people will not support perma-

nently a multi billion dollar program that does not reduce what is advertised for it.

The expropriation of the property interest in Iran of Fairhurst Technical Services International, which has again been brought to the attention of the Senate by the distinguished minority leader, is an excellent example of a previous aid program which has not produced what had been advertised. A sawmill project in northwestern Iran on the Caspian Sea was initiated in 1954 with approximately \$1 million in U.S. grant support.

The Senator from Illinois has pointed out this is AID money. It is by way of getting AID money that the Iranian Government seeks to deny just compensation for the seizure of the property concerned. AID is in this over its neck. It has had a responsibility to make it perfectly clear to the Iranian Government that it is not going to get the co-operation of AID while this act of banditry is practiced over an American concern by the Iranian Government.

Construction of a complete and modern sawmill was near completion in 1959. However, between 1959 and 1964 the mill was never more than barely operational, because the Iranians were inexperienced in sawmill operations and management. During 1962 and 1963 AID attempted to persuade expert and experienced U.S. lumber and sawmill operators to come to Iran and insure that the sawmill plant was operated properly. To this end AID officials persuaded the Fairhurst group to negotiate with the Iranian Government and to operate under contract the sawmill which had essentially not been operating, but for the most part standing idle for nearly 4 years.

I wish to point out that AID was a part of this whole arrangement, provided the money in the first place, sought out the Fairhurst people of California to go over there and try to salvage the operation.

There was no question about a sound plant being developed, but the difficulty was that the Iranians just did not have the skill and the ability, among the people put in charge of the plant, to operate it efficiently and profitably.

The Fairhurst group is a well-known name in sawmill operations throughout the State of Oregon, and at one time were constituents of mine. They have moved to California.

On May 4, 1964, the Fairhurst group entered into a long-term contract with a wholly owned entity of the Iranian Government. From June 1964 to January 1965, the Fairhurst group completed the construction of this sawmill, began an extensive training and management program of Iranian citizens, and had the sawmill operating efficiently and productively. However, on January 20, 1965, the Iranian Government unilaterally canceled their agreement with the Fairhurst group, expropriated their property and took physical control of the plant by use of armed Iranian troops in flagrant violation of their contract. They just moved in and took over. The Iranian Government has since refused to arbitrate this matter in violation of every accepted principle of international law.

They just want to keep what they took. I do not think we ought to be pouring more AID money into Iran, when we are dealing with what I have properly referred to as that type of international banditry, in this instance, against a reputable American investor.

Mr. President, this case is an example of an AID project which in theory is sound but which in practice is unsound, as well as an example of a gross violation of international law by the Government of Iran. It would appear to me that this is an instance where section 620(e) of the Foreign Assistance Act of 1961 may have to be invoked by the President.

I, for my part, would hope and trust that the Iranian Government would see fit to offer full and adequate compensation to the American Fairhurst group. In addition, I would urge that AID officials take note of this unfortunate case history and would insure that moneys would not be spent in the future on building plants in underdeveloped countries, without strong assurance and provision for efficient and productive operation of such plants once they have been built. As I have often mentioned, our aid to underdeveloped countries should be designed to be an integral part of their economic development program, and not white elephants that may dot remote countrysides throughout the world.

Now the Senator from Illinois comes forward with a proposed amendment to this bill. I think it is completely sound in its objectives. It is not an amendment offered merely to meet the Iranian situation. It is an amendment that provides for an arbitration procedure, under the existing convention, that is perfectly sound and gives at least some hope, may I say, to American investors, that they will not have their pockets picked by a foreign government which at the same time is filling its pockets with AID money.

I think this is a fair amendment from the standpoint of the protection of our American investor. I think it is a needed amendment also in order to serve clear notice on the AID people that Congress does not intend to stand by and see AID approving projects in countries that are following the type of international banditry to which I have referred.

We owe that to our American investors; but we owe something else. I think we owe a restatement of our belief in the need for exporting economic freedom to these underdeveloped countries—which is our private enterprise system—and we cannot, in my judgment, justify exporting it unless our investors know that we will back them up by an amendment such as this.

I heartily endorse the amendment, and I certainly hope the chairman of the Foreign Relations Committee, under whom I serve on that committee, will, as already indicated, take this amendment to a conference, and that the Senate will approve of that action.

Mr. McCLELLAN. Mr. President, I have been familiar with this claim for more than a year. I have, on a number of occasions talked to our authorities about it, in an effort to find some way to

require the Iranian Government to make a settlement.

If I am correct, as I recall one of the positions the Iranian Government takes, when we undertook to try to settle on the basis of the contract that they entered into, they took the position that the contract is invalid, and therefore they are merely condescending to even consider any kind of a claim.

I certainly associate myself with the remarks of the distinguished Senator from Oregon, and I join the sponsor of the amendment, the distinguished minority leader, in supporting it. I must say that I hope—I do not wish to just make a plea that it be taken to conference—that it is adopted. If it is worth anything, let us not say merely “take it to conference.” I say, let us agree to the amendment, and keep it in the bill. If it is just a matter of taking it to conference to make another idle gesture, we are simply wasting our time. If we are going to help these countries, when we talk about exporting freedom and the free enterprise system, in dealing with such problems I think we should try to export a little integrity of government as well—that when they make a contract, they should live up to it. If they are not going to live up to it, I do not think we should have a disposition to grant further aid.

Mr. MORSE. May I say to the Senator from Arkansas, when I referred to taking it to a conference, I meant that we should fight for it, and that it stay in the bill. I believe this is a must amendment, if we are to have a foreign aid bill at all.

Mr. McCLELLAN. I thank the distinguished Senator. But remarks have been made here that we take it to conference, with the implication that that would satisfy our obligation in the matter. I do not think so. I think we ought to enact it into law, and then I think the law should be observed.

As to this idea, when we give aid to foreign countries when they cannot operate a project, and sending our people over there under a contract to try to show them and train them how to operate it, and to develop their resource—which would have been done, as I understand it—and develop it for them profitably, and doing profitably, not only for them, but for the American investor who is over there, and then have them simply go out there with bayonets and take over the property and drive the American investor away, without offering any compensation, and take the position that “If we even talk to you about it, or even consider a claim at all, we are condescending to do it, we do not owe anything”—I think it is time for the American Government to step in, and it is time for Congress to express itself on these matters, and let the RECORD show that we do not intend and do not propose to give aid to countries that cannot have greater respect for their integrity and their obligations, and cannot show some consideration to our Government, when we have citizens who look to our Government to protect their rights.

I completely support the amendment. I hope it will be agreed to, and I hope it

will be retained in the bill. As has been said here, it not only applies to this claim, but is applicable to others that may arise, and will serve as a warning in our dealings with other governments in the future—a warning to them that we expect them to meet their obligations and to be responsible in receiving our aid and in dealing with American citizens.

Mr. MURPHY. Mr. President, I have known of this case for 2 years. I should like to associate myself with the distinguished Senator from Illinois, and, if possible, become a cosponsor of the amendment. I congratulate the Senator from Oregon, who spoke so eloquently.

This is a good solution in this particular case. It also seems to me that the Senator from Illinois has found an instrument that we have long needed in order to settle so many of these claims which arise from time to time.

Over a year and a half have passed since the Government of Iran expropriated its contract with Fairhurst Technical Service International. Since this is a California corporation, I naturally have a great interest in this case, but even if it were not a California corporation, it would be of concern to me.

If we are to be successful in our foreign aid program, it is clear that we will need the help and cooperation of private enterprise. Yet, it is also clear that if we tolerate the kind of action by a foreign government as occurred in this case, private industry will not be inclined to make further ventures in assisting foreign countries, nor will the taxpayers of our country look kindly on sending aid to countries which shut the door to American investment.

Last year the Senate Appropriations Committee expressed its deep concern with the Fairhurst incident when it stated in Senate Report No. 708:

This incident has disturbed the Committee. The rights and interests of American nationals are being prejudiced. The Committee is determined that these rights of American citizens dealing abroad must be respected. The Committee expects the State Department vigorously to pursue this matter and to secure a prompt and equitable settlement.

Unfortunately, as of this date, and despite efforts on the part of many Members of this body, the Fairhurst Corp., the State Department, and AID, the Iranian Government, remains adamant and refuses to make a fair and equitable settlement.

We in the Congress are therefore left with a difficult decision. Are we going to permit the expropriation of American property, insofar as I know, without justification? If we answer this question in the negative, and I am sure my colleagues will agree, then we again have the unpleasant duty of taking steps to see that our Government expresses its disapproval in a tangible way by denying to the Government expropriating the property of American private firms any benefits of our foreign aid program.

I, therefore, strongly support the amendment denying foreign assistance to the Government of Iran, and I hope this amendment will pass.

Mr. HICKENLOOPER. Mr. President, I join in support of the amendment

offered by the Senator from Illinois. I am quite interested in the protection of American investment, especially because we, as a country and as a government, have encouraged American investors to go abroad in many of these countries and invest their funds. Then, when they have their property confiscated, we do not go to their rescue.

The amendment referred to by the Senator from Oregon as the Hickenlooper amendment is the amendment which refers to the withdrawal of aid from a country which confiscates the property of American citizens without proper compensation.

There is a provision in that amendment that refers not only to the seizure or confiscation or expropriation of physical properties, but also to the abrogation of contracts. That provision is already in the law.

I believe personally that the law covers this situation. If we succeed in getting AID and the State Department and the administration to apply the law, which we have been trying to do for some time, there will be no problem. I have had some familiarity with this case.

I think that the Senator from Illinois has been extremely helpful in establishing a new mechanism for the speedy determination of the damages or loss involved in the abrogation of a contract or the seizure of property under a contract.

For that reason I think it is a further step in the right direction and an essential step. We do hope that, some day in the perhaps dim, distant future, we can get the administrator of this program and the State Department itself to do something to give American enterprise and American investors in a foreign country an even shake. They have failed to do it so far.

I think this amendment is essential, along with the other amendment. The Senator from Oregon referred a moment ago to the so-called Hickenlooper amendment. There is a provision contained in that amendment which includes action in the event of the abrogation of a contract.

I think the situation is already covered in the law from the standpoint of statutory provision, but the Senator from Illinois has gone a step further and provided a more usable mechanism, a mechanism to arrive more quickly at the amount of damages and the assessment of damages in this case.

I think it is very constructive. I give every assurance that if I happen to be on the conference committee on this bill, I will be right in there holding out for the retention of this provision in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois. [Putting the question.]

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 653

Mr. JAVITS. Mr. President, I call up, on behalf of myself and the Senator from Alaska [Mr. GRUENING], Amendment No. 653.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 20, between lines 3 and 4, insert the following:

"(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following:

"(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the President of the Senate and the Speaker of the House that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic."

Mr. JAVITS. Mr. President, this is exactly the language of the provision which was agreed to in the other body with relation to the United Arab Republic.

I debated this at great length yesterday when the question arose as to the various amendments I would offer to the bill. I hope very much that the Senator from Arkansas will be able to accept the amendment and take it to conference.

This amendment, if agreed to, would give the President the latitude for which the President has already contended in this matter. At the same time, it would meet the urgent feeling of many of us that such action is needed. It is really unbelievable what President Nasser and the United Arab Republic do to us. They act in defiance of all our policies. They maintain large troop strength at Yemen and are the bane of existence for all their Arab neighbors.

I went into great detail yesterday on this subject, and I shall not detain the Senate any longer by detailing it again.

This amendment would put the Senate and the House on record as to our deep feelings over the fact that there is a very sharp challenge as to the wisdom of extending any aid to the United Arab Republic, and the President would be put to the responsibility of justifying the extension of such aid. He has done it before, and he may do it again. It would keep the pressure on, and the situation requires it very urgently.

I hope very much under the circumstances that the amendment will be agreed to. This is exactly the same provision that was agreed to in the other body. I hope that the Senator from Arkansas will be able to accept the amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. Mr. President, I have opposed in the past amendments of this character on the general principle that the legislative body ought not to take gratuitous slaps at any foreign country, because such action would have more of a permanent nature. We should not do these things. Obviously, our executive branch and its diplomatic serv-

ice can bring about changes in the policy of such countries:

President Nasser has done things in Yemen of which I am sure all Senators disapprove. There are many valid reasons for this, but nonetheless it seems to me that the report of the findings of the President should be to the Committee on Foreign Relations of the Senate, rather than to the President of the Senate.

The President of the Senate, after all, is the Vice President of the United States, and practically a part of the administration.

I think that to make the provision useful at all, in conformity with the usual requirements, it should provide that the President should report his findings to the Committee on Foreign Relations.

Mr. JAVITS. That is agreeable with me. It would have to conform to the House language. If we were to do that, there would have to be a change in the House bill.

Mr. FULBRIGHT. It is customary for the President to report to the Speaker of the House. That is customary in nearly all of their bills. However, in our practice, it is customary to report to the appropriate committee. The Speaker of the House is a Member of the House.

Mr. JAVITS. Mr. President, I modify my amendment as follows:

In line 7, strike the word "Senate," and insert the words, "the chairman of the Committee on Foreign Relations."

Mr. FULBRIGHT. No, not the chairman—the Committee on Foreign Relations.

Mr. JAVITS. The Committee on Foreign Relations of the Senate.

Mr. President, I modify my amendment accordingly, to insert between the word "the" and the word "Senate," on line 7, the words "Committee on Foreign Relations of the".

The PRESIDING OFFICER. The amendment is accordingly modified.

Mr. JAVITS. Mr. President, does the Senator from Arkansas feel that I should do the same thing as to the House provision? Otherwise, there will be a problem of dignity, and so on.

Mr. FULBRIGHT. No. I do not believe the Senator from New York should bother with the House provision. That is for the House to determine.

The difference is that the Speaker is a Member of the House, a full-fledged Member, and the Vice President is not a full-fledged Member of the Senate. He has that equivocal position in the Senate.

Mr. JAVITS. Mr. President, I shall be guided by the Senator from Arkansas. I believe the modification is perfectly proper, and it will also require the striking of the words "President of" on line 6.

Mr. FULBRIGHT. That is correct. That will be stricken, and "Committee on Foreign Relations of the Senate" will be substituted.

Mr. JAVITS. Mr. President, I add the names of the Senator from Oklahoma [Mr. HARRIS] and the Senator from Colorado [Mr. ALLOTT] as additional co-sponsors of the amendment.

I believe we are ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 653, as modified, of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ALLOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I wonder whether any other amendments of a more or less noncontroversial nature could be disposed of at this time.

Mr. JAVITS. Mr. President, if the Senator will allow me, and if it is consistent with his program, I should like to put on the table and call up the so-called military junta amendment, so that it will be the pending business.

Mr. FULBRIGHT. That would be perfectly all right, but the Senator will want a vote on that.

Mr. JAVITS. I imagine we will need one.

I might say to the Senator from Arkansas that we have been attempting to get together with the Department of State on that matter. I think we are very close.

As a matter of fact, I do not see any great difference between what we want and what they want, and I am rather hopeful that overnight the matter may be resolved.

In any case, we will want a vote if we are unable to get together. It is a meaningful and important amendment. I understand that Senator MORSE proposes to amend it in some respects, so that it is substantive.

Mr. FULBRIGHT. That is right.

Mr. JAVITS. If it is agreeable to the Senator from Arkansas, I should like to make that the pending business.

Mr. FULBRIGHT. Yes, I should like to dispose of that.

Mr. JAVITS. Mr. President, the amendment will be brought to me in about 2 minutes. May I suggest, for the moment, the absence of a quorum.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I call up my amendment No. 641, and ask that the clerk report it.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On page 20, between lines 3 and 4, insert a new subsection as follows:

"(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following new subsection:

"(p) No assistance shall be furnished under this Act to any member state of the Organization of American States the government of which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, unless (1) the President

finds that the prohibition against furnishing such assistance is contrary to the national security interest of the United States, or (2) the President is satisfied that the government of such member state has agreed to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties within such member state."

Mr. JAVITS. Mr. President, I shall have another version of this amendment in the morning. It has not yet been brought to me, and I do not wish to detain the Senate. But the amendment as printed will be adequate for the purpose of calling it up tonight. I did not intend to discuss the proposed amendment tonight.

The PRESIDING OFFICER. The Senator will have the right to modify his amendment.

Mr. JAVITS. I do not intend to discuss the proposed amendment tonight. I already set it out in a preliminary way in my speech yesterday, so I am prepared to wait until tomorrow in order to discuss the amendment in detail.

Mr. FULBRIGHT. Pardon me.

Mr. JAVITS. I just said that I have called it up, it is now the pending business, and I am not prepared to discuss it tonight.

Mr. FULBRIGHT. It will be the pending business. It will go over until tomorrow. It will be the first thing taken up tomorrow.

I should like to give notice that I should like to have as many votes as possible. I should like Senators to call up their amendments. A great many amendments were filed overnight, many more than I had expected. So we shall have to stay in session tomorrow and try to move along.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I should like to join the Senator from Arkansas in that request. I believe we have begun to make a little progress. I hope that we shall make more progress in the days ahead, and that as many Members as possible will remain on the floor, so that there will be a possibility of disposing of the matter. It will take some days yet.

Mr. FULBRIGHT. We have made a good start, and several of the preliminary speeches are out of the way. I think we will move much more rapidly on the bill from here on.

Mr. MANSFIELD. Mr. President, there will be no further votes tonight.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETING DURING SESSION OF THE SENATE TOMORROW

On request of Mr. MANSFIELD, and by unanimous consent, the Finance Com-

anticipation discount is available, do not account for all the sales to the independent dealers, nevertheless they appear to account for something like two-thirds of the sales.² Although the anticipation discounts referred to do not include the Federal excise tax itself, a proportional share of any payment received from a dealer is allocated to the excise tax. As a result, it is impossible for the dealer to obtain the benefit of the anticipation discount without also paying the Federal excise tax in advance.

This bill removes the competitive discrimination against independent tire dealers by providing for the imposition of the tire or inner tube tax at the time the tire or inner tube is delivered to a retail store or retail outlet of the manufacturer, producer, or importer. By "retail store or retail outlet," your committee means one where the manufacturer, producer, or importer sells tires or inner tubes at retail, and deliveries to such stores or outlets include deliveries made in the immediate vicinity of the stores or outlets primarily for future delivery to them. Tax would apply in these cases to all tires and inner tubes delivered to a "retail store or retail outlet," even though a portion, or all, for the tires or inner tubes of a particular delivery to the store or outlet may be intended for sale at wholesale.

The bill adds language to make sure that the imposition of tax when tires or inner tubes are delivered to a retail store or retail outlet does not result in double taxation. Thus, the bill provides that if the tax is applied at the time of delivery, it is not again to apply at the time of sale, and conversely, if the sale occurs first and the tax applies at that time, it is not again to apply at the time of delivery.

The provision added by the bill is to take effect on the first day of the first calendar quarter beginning more than 20 days after the date of enactment of this bill.

The bill also provides for a floor stocks tax on tires and inner tubes held at manufacturer-owned (or importer-owned) retail stores or retail outlets at the time the new provision becomes effective. The floor stocks tax imposed in this case is the tax which would otherwise be imposed at the time the tire or inner tube is sold.

It is estimated that this bill will result in a nonrecurring revenue gain of something like \$10 million because of the speedup in the timing of the imposition of the tax in the case of these manufacturer-owned (or importer-owned) retail stores or retail outlets.

FOREIGN ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I have two amendments which I send to the desk and ask to have printed in the RECORD so that they will be available to be called up at the appropriate time.

These amendments are really in the alternative. Both amendments deal with the proposal to restrict aid to any Latin American country whose constitutional government has been overthrown by a military junta or a military coup.

²The Rubber Manufacturers Association reports that the average credit terms are 86 days. Since it appears from the information submitted by the association that under regular billing the credit terms on the average are something like 40 days, the spring and winter dating, which provide substantially longer credit terms, must account for the bulk of the shipments, perhaps something like two-thirds.

I shall consider them when the Senator from New York [Mr. JAVITS] brings up his amendment on the same subject matter.

I wish to have them printed because I have not decided which amendment I shall call up; and it is possible, depending upon the outcome of the vote, that I may find myself in a parliamentary situation in which I would want to call up both amendments.

I ask unanimous consent that the two amendments be printed in the RECORD. I shall reserve until the Javits amendment is called up any explanatory statement in regard to the amendments.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table; and, without objection, the amendments will be printed in the RECORD.

The amendments ordered to be printed in the RECORD are as follows:

AMENDMENT No. 676

On page 10, after line 21, add the following:

"(c) Add the following new section:

"SEC. 254. RESTRICTION ON AID TO LATIN AMERICAN COUNTRIES.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections, until the President is satisfied that a government, so chosen, has been restored and so notifies the Speaker of the House of Representatives and the Foreign Relations Committee of the Senate."

AMENDMENT No. 677

On page 20, between lines 3 and 4, insert a new subsection as follows:

"(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following new subsection:

"(p) No assistance shall be furnished under this or any other Act to any country in the Western Hemisphere the government of which came to power through the forcible or unconstitutional overthrow of a prior government which had been chosen in free and democratic elections, except that such assistance may be furnished to such country if (i) the President shall have submitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report stating that the furnishing of assistance to such country is in the national interest and giving his reasons therefor, and (ii) each such committee shall have adopted a resolution approving the furnishing of assistance to such country. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

Mr. MORSE. Mr. President, I ask unanimous consent that there be printed in the RECORD certain articles that pertain to the issue of military governments in Latin America. The first appeared in the New Leader of April 25, 1966, entitled "Letter from Brazil," by William Lineberry.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LETTER FROM BRAZIL (By William Lineberry)

RIO DE JANEIRO.—Two years have now passed since the Brazilian military jumped into the political arena by replacing Leftist

President João Goulart with Marshal Humberto Castello Branco. According to the original "revolutionary" time table, Brazil was to return to democratic civilian rule at about this time—its economy healed and its political system purged of corrupt and subversive elements. But the generals have found that getting into the Brazilian political arena is a lot easier than getting out, and in effect have extended their "revolutionary mandate" until March 1971, when the term of the new President, to be named by Congress this October, expires. Presumably, it will take that long to revive Brazil's tattered economy and to establish a political framework immune to the menace of Leftist demagoguery.

These have been a rough two years for the Army, which prides itself on its professionalism, its adherence to legality and its apolitical tradition. Not only has its economic recovery program met with considerable resistance, but its political policies have opened serious fissures within the ranks of the military establishment itself. And since the Army must give final approval of the President chosen in the indirect election next October, the ugly spectacle of generals running against one another has become the likely eventuality.

The so-called "hard line" faction of field commanders is pushing the already announced candidacy of War Minister Artur Costa e Silva, to the obvious consternation of President Castello Branco, who represents the so-called "Sorbonne School" of military intellectuals and made the mistake of declaring himself ineligible to serve again in the top office. Two other generals have also entered the race, Amauri Kruehl and Oswaldo Cordeiro Farias. Meanwhile, a sizeable faction of lower ranking officers is said to be grumbling in favor of a "return to the barracks" where they belong.

In marked contrast to the usual loathing accorded politicians in Brazil, the Army has long enjoyed the respect and admiration of civilian opinion. It builds the bridges, maintains the roads and offers a modicum of law and order in the vast frontier regions, as wild and woolly as the U.S. West in its own era of cavalry versus Indians. Unlike many self-serving Latin American "gorillas," moreover, Brazilian military men have a tradition of serving constitutional governments rather than themselves. A colonel earns about \$200 a month, and even generals are financially embarrassed by tours of duty in high-priced cities like Rio.

In the past, the military has intervened in politics only to insure the preservation of legality and constitutionalism. It toppled the Vargas dictatorship in 1945, demanded Vargas' resignation in 1954 (after he had been popularly elected), assured the installation of President Juscelino Kubitschek in 1955, and demanded in 1961 that Goulart's powers remain within the limits set by the Constitution. But on each of these occasions the Army was careful to withdraw in favor of civilian rule as quickly as it had intervened.

In April 1964, saddled with the chaos unleashed by Goulart, it decided to stay on and straighten things out once and for all. This is perhaps the biggest mistake it could have made, for after being ground up in the Rube Goldberg machinery of Brazilian politics, it will be lucky to emerge with even a tattered shred of its old respectability intact—and it may well find itself shorn of the unity it sought to preserve by intervening against Goulart in the first place.

When Castello Branco assumed the Presidency two years ago he was promptly hailed by Washington as a new, progressive, reform-minded and professional variety of military strongman, wholly removed from the self-serving *caudillo* type of old. Here, according to the State Department, was a prime example of the patriotic and responsible new military class emerging in Latin America—a class dedicated to national economic de-

velopment and the protection of democratic institutions from extremists of the Right and Left. Trained in the U.S. or under U.S. advisors in their own countries, possessed of middle-class values, untainted by corruption—these men have been singled out by U.S. officials like Ambassador-at-Large W. Averell Harriman as cornerstones of future Latin American stability.

And, indeed, the Marshal remains the very antithesis of that peculiar blend of charisma and brute force which constitutes the successful *caudillo's* image. He is a humble, pensive man given to self-deprecating jokes about his squat, undistinguished appearance. (Even now the Marshal's image on the screen evokes titters of laughter among Rio moviegoers.) He reads widely in several languages and is undoubtedly one of the most distinguished graduates of Brazil's Superior War College (the so-called Sorbonne School), where the nation's complex economic, social and political problems are subject to as thorough an analysis as problems of military command.

During the twilight hours of Goulart's rule it was Castello Branco who, torn between fealty to the Constitution and disgust with the mounting chaos and leftward drift in evidence around him, finally came down on the side of those pressing for a military revolution, carrying a number of fence-sitting generals along with him. When he took office as President in April 1964, it was with the pledge that Brazil would soon return to popular democratic rule and stable economic growth. These goals were to be realized by a series of drastic reforms which would halt spiralling inflation, curb runaway spending by corrupt bureaucrats, tax the rich into a sense of responsibility for the country's future development, and assuage the multitudinous poor with programs of better education, housing and land reform. In fact, the Marshal was proposing to do in moderation much of what the wild-eyed Goulart had been threatening to do in excess.

Professionals themselves, the new soldier-statesmen called upon other professionals, such as economist Roberto Campos, to man the ramparts of reform. In came U.S. and International Monetary Fund experts to advise on monetary and fiscal policies. Out went the old and discredited politicians in an extensive purge. At the same time, the revolutionary government ended official anti-Americanism and opened the door to close and cordial relations with Washington. The welcome mat went out to foreign investors and the regime let it be known that the Alliance for Progress, ignored by Goulart, was now considered a bulwark of hemispheric solidarity.

For its part, Washington could not have been more pleased. It had become a cliché of U.S. opinion that if reforms were not soon carried out in Brazil by responsible elements, they would most certainly be carried out—and in the most painful manner—by irresponsible ones. As a token of U.S. esteem for the new government, the State Department promptly promoted Brazil to the rank of number one aid recipient in Latin America, and U.S. technicians began to help draft the great changes that were to be made.

Certainly, Brazil had been crying out for change. During Goulart's last months in office, inflation had been running at the rate of 144 per cent a year and economic growth had ground to a virtual halt. Even now some 60 per cent of the country's rapidly expanding population of 85 million people is illiterate, the bulk living a hand-to-mouth existence outside the money economy altogether. Although three-fifth of all Brazilians make their living in agriculture, 75 per cent of the land is concentrated in the hands of 8 per cent of the population, while the nation's rural conditions are as squalid as any in the Hemisphere. And the luxury-loving upper classes, alarmed themselves by the structural

inequities and social ferment around them, have been shipping their capital to New York and Switzerland, where it can do capital-hungry Brazil no good whatsoever.

The revolutionary government's reform program, however, was shot through with contradictions from the start. It sought to halt inflation through rigidly enforced austerity while pledging costly improvements in education, housing and land tenure. It promised to uphold democracy while threatening, and sometimes imprisoning, entrenched and powerful elements in Brazilian society and proposing drastic changes harmful to their interests. It tossed out Goulart, who had preached radical reform, while keeping in office the Congress which had so successfully blocked Goulart's program. (It still sits.) It talked of a new deal for Brazil's poor, but put political police in charge of their labor unions, banned strikes, and put the squeeze on wages in the name of fighting inflation. It also has allied itself with some of the most conservative elements in Brazilian politics.

Last October, when Castello Branco decreed the abolition of Brazil's 13 old political parties, those politicians who had not been purged by military tribunals were ordered to group themselves into the two new parties created by government fiat—the government-backed ARENA (National Renovation Alliance) and the MDB (Brazilian Democratic Movement), representing the loyal opposition. Curiously, Castello Branco chose to build the new ARENA around a hard core of politicians belonging to the old UDN (National Democratic Union), which had been one of the three strongest parties under the old system.

This was curious because the UDN had been the party of conservative and traditional interests in Brazil—the party of Right-winging Carlos Lacerda, for example, the dynamic ex-governor of Guanabara state—and it seemed strange that a "revolutionary" government committed to "drastic reforms" would purposefully ally itself with such unenthusiastic instruments. But the generals were also in revolt against the twin evils of Communism and corruption, each of which they saw embodied in the two other dominant parties of the old system—the Brazilian Labor party of Goulart (PTB) and the Social Democratic party of ex-President Juscelino Kubitschek (PSD). Hence ARENA, which was after all to be the majority party, had little place else to turn except to the UDN.

The UDN, of course, was delighted. It had never won the fruits of Brazil's patronage-rich Presidency in a popular contest, and now it foresaw not only obtaining these delectables by riding khaki coattails but stifling all this wild talk about reforms.

The result of all this is that inflation remains an unsolved problem, the economy continues to lag, reforms have been sabotaged in some cases and slow to start in others, and the political course has been away from rather than toward the restoration of popular democracy. Perhaps the one solid accomplishment of the regime has been thoroughly to debunk the notion that generals make good, progressive reformers.

True, two years is a short time in which to coax an economy as vast as Brazil's back from the brink of ruin. But it has been ample time for the regime to show its colors. The battle against inflation, which continues to occupy so much of the government's energies, is indicative. Wage rises have lagged behind price rises by government design, and the working classes have borne the brunt of official austerity measures. General wage levels are set by official action, but in the name of "free enterprise" the government has sought to hold down prices through "voluntary" schemes.

Time and again Planning Minister Roberto Campos has issued optimistic statements to

the effect that the inflation problem has very nearly been resolved, and time and again the upward swirl of prices has belied his optimism. Retail prices rose 45 per cent in 1965 by one authority's count, 65 per cent by another's. According to government plans, prices for the entire year 1966 were to rise no more than 10 per cent, but in January alone they jumped 5.1 per cent, against a 4.8 per cent rise during January 1965. Quite naturally, Brazilians are asking what all their sacrifices have been for.

In mid-February an opposition deputy rose in the Brazilian Congress to recite some figures compiled by the Getulio Vargas Foundation (Brazil's most reliable data gathering organization). Until 1963, the Foundation reported, the consumption of meat in Brazil was 250 grams (a little over half a pound) per capita a week, while between 1964-1965 this average fell to 180 grams. Milk consumption in the same periods fell from one soup-spoon to one teaspoon per person a day. Bread descended from 100 grams a day to 80 grams and eggs from two to one a day per person.

The people have literally been paying with emptier bellies for the regime's stabilization efforts. But since most of the old labor leaders, who were allied with Goulart, have been jailed, exiled or removed from office, and since union activities are now under the control of political police, effective channels of worker protest have been silenced. A recent strike of dock workers over wages, for example, was broken up by government troops.

The situation might be understandable if the social reforms pledged by the Castello Branco government were being carried through as promised. But except in the fields of banking and taxation, where far-reaching reforms have been initiated if not wholly implemented (the rich are actually being threatened with imprisonment for income-tax evasion, though no one is yet known to have spent a night in jail for it) there is distressing evidence of the old political run-around—the gap between promise and performance—which has made talk of reform in this country the special province of demagogues in years past.

In the case of land reform, for example, the government has effectively overseen the emasculation of its own program. Under the direction of Campos, the professional, the land reform bill was designed to tax potentially productive but unused lands on large estates at progressively higher rates, the aim being confiscation and redistribution to the landless poor. The key to the bill's enforcement was a section transferring taxing powers from the hands of state and municipal authorities, where they had traditionally rested, to the hands of Federal authorities, where they would be effective. The transfer was deemed essential because in states where land reform really counts, local taxing authorities tend to be in the pockets of the big landowners.

In the name of "states' rights," however, Castello Branco's conservative allies in the UDN objected strenuously, and while Campos was out of the country the tax-transfer provision was quietly removed from the bill. Not quietly enough, though, because members of the old PSD and PTB in Congress caught wind of what was going on and gleefully voted the original taxing scheme back in before passing the bill. A slightly embarrassed Castello Branco then issued a decree "temporarily" returning the taxing powers to state and municipal authorities "for administrative reasons." And there they rest.

Meanwhile, conditions in the poverty-stricken, rural Northeast of Brazil continue to fester. One U.S. official recently returned to Rio from two years in that area reports privately that, if anything, conditions are worse than in the past. SUDENE, the much touted Northeast Development Superintend-

ency, is said to be almost wholly ineffective in its work—a *bagunça*, as the Brazilians say, meaning an impossible bureaucratic mess. This is the same Northeast which a few years back was the subject of much sensational attention in the U.S. press for its grinding poverty and its Communist-influenced peasant leagues. The grinding poverty is still there, but the troublemakers are in prison or exiled—hardly cause for rejoicing in the “new stability.”

Since the policies of the revolutionary government have made eating difficult and voting in popular elections next to impossible, and since Brazilians are fond of doing both, it is safe to say that the Castello Branco regime has failed to arouse any notable enthusiasm among the people. Accordingly, the Marshall himself has taken to posing as a sort of modern-dress Coriolanus, refusing to pander to the popular will while studiously rigging the nation's political system to insure that the popular will cannot be expressed.

In a series of three so-called “Institutional Acts,” the government has armed itself with dictatorial powers, crushing several of the old political parties, providing for the indirect election of the President and state governors, and in other ways overriding the Constitution to assure the continuation of revolutionary rule, at least through the next Presidential term ending in March 1971.

According to the new schedule, state governors will be elected by their respective legislatures on September 3 of this year (somewhat of an irony, since state legislatures have been recently criticized by the regime for being infested with corruption); the President of the Republic will be elected by Congress on October 3; and direct popular elections will be held for Federal senators and deputies and state deputies on November 15.

The prospect, of course, is for a divided government, since the old Congress is bound to appoint a President loyal to the revolution (*i.e.*, agreeable to the military), while the people are expected to vote in a new Congress overwhelmingly in the opposition. But the regime has many cards to play and does not appear overly concerned about the prospect. Under the Institutional Acts its powers to purge “subversives” and “corrupt elements” are vast. Very early in the revolution Congress was picked clean of such undesirables, and the process is now going forward at the state legislature level. Military “boards of inquiry” are still in operation throughout the country, and thus far about 500 Brazilians (including all three living ex-Presidents) have had their political rights suspended for 10 years while some 3,600 others have been purged from Federal or state office.

It is likely, then, that the range of candidates open to popular approval will fall within bounds considered “decent” by the authorities. And the power to purge will continue even after the new Congress is installed—a sword of Damocles over obstructionists. Finally, there is nothing to prevent the current government from issuing a Fourth Institutional Act tossing out congressional elections or even abolishing Congress itself altogether.

About the only thing that can seriously disrupt the government's program is a falling out within the military itself, a matter widely talked about in Rio, along with rumors of another *golpe*, but discreetly played down, thus far, by military top brass. Should hard-living, hard-lining General Arthur Costa e Silva patch his differences with Castello Branco and gain the ARENA nomination for president, he is expected to assure the Armed Forces better pay, the people a relaxation of current austerity measures, and the “corrupt and subversive elements,” whom the hard-liners have been out to get much rougher treatment than they have received from Castello Branco in the past.

The War Minister has been much quoted for his famed response to a senator who congratulated him on his political strength: “I am not strong, Senator, but my party is” (meaning the Army). But there seems to have been more bravado than substance to this remark. Castello Branco and the Sorbonne School are said to distrust him on the grounds of economic ignorance, impulsiveness and general immoderation (the general likes to bet on the ponies and is the type of funloving Latin who wears dark glasses into the shadiest night spots).

In fact, the President is said to have told his War Minister that he will not have ARENA's nomination unless he pledges to keep Campos and agrees to a scheme for unifying the Army, Navy and Air Force under a single ministry of defense. General Costa e Silva has so far been unwilling to promise these things. But never mind. The next President may well be none other than Humberto Castello Branco himself, who, when the time is ripe, is expected by some to renounce his previous renunciation of another term and patriotically heed the call to continued national service.

Whichever general finally wins, it seems clear that somewhere along the line the progressive, reform-minded new military class got lost in the political shuffle. For this reason it seemed strange for retiring U.S. Ambassador to Brazil Lincoln Gordon (now Assistant Secretary of State for Inter-American Affairs) to heap praise upon the Castello Branco government before the Senate Foreign Relations Committee earlier this year and declare, “I think they have made tremendous headway.” In so saying, he perpetuated a myth that was badly tarnished from the start. For professionally trained, life-long soldiers make poor saviors of democracy, particularly from an internal threat, in any society. And as social revolutionaries in Brazil they obviously have a long way to go.

Mr. MORSE. Mr. President, I think it is a very penetrating letter. I urge that the Senate, particularly the members of the Foreign Relations Committee, give it very careful consideration.

As the Senate knows, I highly disapprove of the course of action that was taken by the Branco government. I do not think it can be justified as far as supporting constitutional government is concerned. That has a bearing on what I think our relationships to Brazil should be by way of loans and grants and other forms of aid.

Mr. President, I ask unanimous consent that there be printed in the RECORD an article written by George Natanson, published in the Los Angeles Times of March 13, 1966, entitled “Guatemalan Elections Solved No Problems.”

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GUATEMALA ELECTIONS SOLVED NO PROBLEMS
(By George Natanson)

GUATEMALA CITY.—The Guatemalan presidential elections held here last Sunday have settled none of the political, social and economic problems endemic to this country.

If anything, the situation here has worsened.

Under the military regime which has governed Guatemala for the last three years there has been some semblance of political stability—even if it was maintained through repression and the iron fist. But accusations of electoral fraud from all three participating parties and irresponsible threats of violence emanating from the country's political leaders, military and civil alike, have

obviously brought Guatemala to the brink of chaos.

NO OFFICIAL RESULTS

Still, no official results have been announced. Instead, the three contesting parties, including the official party, have lashed out at each other, threatened to take their partisans to the streets, and have claimed victory for themselves while declaring they will recognize no results other than their own.

Added to the muddle is the jumble of the radically conflicting returns which each party has released. This has led to a student declaration made Friday morning that if the issue is not settled by Tuesday night, university students here will declare a strike and take to the streets. These developments clearly raise the possibility of a disastrous civil war.

At best the Guatemalan people can expect little from the party that eventually wins control of the country. This includes the military party which might manage to remain in power.

A study of the platforms of all three contesting parties in last Sunday's race leads to the conclusion that none has an ideological base. All make vague promises of urgently needed social and economic reforms, but pledge that the old order of Guatemala's government structure will undergo no change.

No matter which faction eventually takes power, Guatemala's leadership will remain essentially unchanged.

Even leaders of the so-called mildly leftist Revolutionary Party (PR) blanch at the mention of agrarian reforms, probably the most pressing issue which confronts this country's new government.

“In this respect we are ultra-conservative,” said Gregorio Prem, member of the Revolutionary Party and one of the few candidates for Congress whose victory is believed assured.

In an interview with The Times, Prem declared: “With the PR in power, we will not touch any privately held lands (it is estimated that more than 75% of Guatemala's arable and accessible land is owned by 27 families. Instead, we will open vast land tracts owned by the government and encourage migration.”

While the plan has practical merit it calls for large outlays of money, believed to be beyond Guatemala's financial capabilities. Prem made no suggestion that the PR had any detailed plan for financing its agrarian program. Like many other members of his party, Prem is among Guatemala's largest landowners.

ISSUE DODGED

When control of the Guatemalan armed forces was broached, Prem said with an uneasy laugh, “I don't think the party wants to get involved in that issue. It's too hot.”

Their program appears to have been written to allay the fears of the country's businessmen rather than to strike at the heart of the social and economic problems which beset the nation. But however mild the platform might be, the two remaining parties go further to the right with conservative principles of tight credit, strict inflationary controls, wage ceilings, a free price market and tightly controlled labor.

Above all, both the official Institutional Democratic Party (PID) and the National Liberation Movement (MLN) have a campaign of anti-communism; both PID and MLN accuse the PR of Communist leanings. It is generally agreed among diplomatic observers here that Communist elements in Guatemala are few in number and totally lacking in popular support. It is believed that even if a popular uprising were to occur here as post-election confusion becomes more chaotic, the Communists could do little more than contribute to the general chaos.

Many observers here believe the anti-Communist campaign has helped rather than harmed the Communists, first by crediting them with powers they do not have, and secondly by giving communism publicity it could never have otherwise received.

Politics in Guatemala appears to be bent more on instilling fear in the people than on encouraging hope. All parties, including the government, are contributing to electoral confusion.

The way is seemingly being paved for a small band of ragged, ignorant Communist guerrillas whose only strength lies in the growing hopelessness here to reap rewards of sympathy and hope from an apathetic and disillusioned people.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in the New York Times of July 18, 1966, entitled "Twenty-eight In Guatemala Reported Slain by Police in Peralta's Regime."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWENTY-EIGHT IN GUATEMALA REPORTED SLAIN BY POLICE IN PERALTA'S REGIME

GUATEMALA, July 17.—Twenty-eight Guatemalan students and leftists, missing since their arrest in February and March, were shot by firing squads of the head of the former military government, Col. Enrique Peralta Azurdia, two former police agents told the University Students Association last night.

Among the victims, the association was told, were the former Communist party leader, Victor Manuel Gutierrez; the former farm labor leader, Leonardo Castillo Flores, and Fernando Arce Behrens, a law student on vacation from the University of Mexico.

The former police agents, whose identity was withheld, said the three men were tortured in the police headquarters in the capital, then driven to a military base near Pacific coast and shot. Their bodies were sewn into burlap sacks and dropped into the ocean from an army transport plane, according to the informants.

The former policemen also told the association, which has been conducting an investigation of missing-persons cases since March, that "many others" besides the 28 people known to be missing were also killed by the police.

WOMAN REPORTED SLAIN

Those killed were said to include Kris Yon Cerna, the niece of the guerrilla leader, Marco Antonio Yon Sosa, and Eunice Campiran de Aguilar Mora, wife of a Mexican student David Aguilar Mora, who disappeared after his capture in Guatemala last December. She had come to Guatemala to search for her husband. Both young women were said to have been beaten to death with clubs and buried in shallow graves near the Zapaca military base.

The former police agents told the student association's investigators that most of the police killings had been ordered by Alberto Barrios, who was chief of the judicial police under the former military regime. He is believed to be outside Guatemala.

In another development, the guerrilla organization Rebel Armed Forces declared war anew against the Guatemalan army despite the advent of a civilian Government under President Julio César Méndez Montenegro, who was inaugurated July 1. In a statement issued last night and signed by the rebels' 24-year-old commander, Luis Turcios, and their political adviser, Bernardo Alvarado Monzon, the leftist guerrillas set their policy toward the new Government.

The statement said that "despite the popular extraction of the new regime, the army retains most of the effective power." "The Guatemalan Army is still the same reactionary tool of native plutocracy and foreign companies and therefore must be fought to the bitter end," it added.

The statement, while avoiding any direct challenge to President Mendez, said in effect that the guerrillas were not going to fold their tents and go home. But, there has been no significant guerrilla action since the new Government was inaugurated.

To many, the rebels' statement reflected their apparent dilemma with respect to the new Government. Their criticism of the Peralta regime as unconstitutional and rightist cannot be used against President Mendez, who won election against the Peralta forces.

But the guerrillas apparently feel that their movement remains necessary and will die if it becomes inactive. Hence their attack specifically on the army, not the civilian Government.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in the New York Times under date of July 14, 1966, entitled "Argentine Junta Weighs U.S. Stand—Delay In Recognition Said To Puzzle Ongania Regime."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARGENTINE JUNTA WEIGHS U.S. STAND—DELAY IN RECOGNITION SAID TO PUZZLE ONGANIA REGIME

(By H. J. Maldenberg)

BUENOS AIRES, July 13.—Preoccupation with Argentina's standing abroad dominated the first cabinet meeting of the new military Government today.

The delay in the recognition of the Government by the United States is said to be puzzling members of the junta that overthrew the elected Administration of President Arturo U. Illia June 28.

"We thought the Pentagon favored a grand anti-Communist alliance between the military Governments of Brazil and Argentina," a Government House aide said.

Although recognition is expected shortly, aides of President Juan Carlos Ongania are reliably reported to be more concerned with the refinancing of about \$600-million of Argentina's over-all foreign debt of \$2.1-billion before the end of the year.

A high Government mission was to have left this Friday for the United States and Europe to seek the financing, but the trip was postponed pending recognition from Washington. Officials here believe recognition has been delayed because of articles in the foreign press concerning the extremist views of several members of the regime.

MEETS JEWISH LEADERS

Yesterday, President Ongania received a group of Jewish leaders and sought to call the uneasiness in the half-million-member Jewish community over the extreme right-wing complexion of the new military regime, which includes several persons with anti-Semitic reputations. Notable among them are the President's brother-in-law, Enrique Green, a retired navy captain, who was given a high police post, and Gen. Eduardo Argentino Senorans, now head of the Secret Service.

The Jewish leaders declined to comment on their 30-minute meeting at Government House beyond saying that they were "very pleased" and that the President's aides were preparing a statement. The statement, after stressing the need for unity, concluded:

"As a practicing Catholic and President of Argentina, it is my sincere decision to stimulate the generous efforts of all citizens for the common good. We will proceed to fight extremism, whether of right or left, that may threaten the peace and labors of our people."

JEWISH LEADERS LISTED

The Jewish group included Isaac Goldberg, Gregorio Faigon and Zion Cohen Imach, leaders of the Delegation of Argentine Jewish Associations; Egon Glucksmann, President of the Argentine B'nai B'rith, and Rabbi David Kahane and Tobias Kamenstein, heads of the Argentine Jewish Mutual Aid Society.

None of the leaders cared to discuss a meeting held Monday between the new Minister of the Interior, Enrique Martinez Paz, and the secretary general of the anti-Semitic Tacuara terrorist group, Patricio Errecalde Pueyrredon. It was the first time that a leader of the Tacuara (which means lance in Spanish) had visited Government House since the group was founded in 1958.

After conferring with the Interior Minister, Mr. Errecalde told reporters, "The military revolution has begun, founded on the ashes of the liberal system." He would not disclose what had been discussed, but declared: "Tacuara unreservedly supports the patriotic efforts of the Government."

Some observers thought Mr. Errecalde had sought the release of three members of his group who were sentenced last month for the murder of a Jewish student two years ago. The sentences were the first imposed on Tacuara members.

Mr. MORSE. Mr. President, I have already commented upon my disapproval of American recognition policy vis-a-vis Argentina in a speech which I made on the floor of the Senate on yesterday. I think that it was a grievous policy mistake on the part of the Johnson administration, in the same class of mistake that the Johnson administration made when it recognized the military junta in the Dominican Republic.

As we continue this policy we are losing friends among the rank-and-file masses of people of one Latin American country after another because it is another demonstration of our really not supporting freedom in Latin America when we have an opportunity to meet the test of supporting freedom. Too frequently I have heard it said that when the chips of freedom are down in Latin America, the United States turns its back, walks in the direction of embracing totalitarianism in the form of one military junta after another.

ADJOURNMENT

Mr. MORSE. Mr. President, in accordance with the order previously entered, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, July 20, 1966, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate July 19, 1966:

DEPARTMENT OF THE TREASURY

Winthrop Knowlton, of New York, to be an Assistant Secretary of the Treasury.

July 20, 1966

13. ROADS. The Public Works Committee voted to report with amendments (but did not actually report) S. 3155, the proposed Federal-Aid Highway Act of 1966. p. D648
14. ELECTRIFICATION; LOANS. Received from REA, a report on the approval of a loan to the Minnkota Power Cooperative, Inc., N. Dak. p. 15621
15. FOREIGN AID. Continued debate on S. 3584, the foreign aid authorization bill. pp. 15705, 15709-58, 15763-68
Agreed to the following amendments:
By Sen. Dirksen, 59-34, to reduce by \$250 million the amount authorized for the Development Loan Fund. pp. 15709-54
By Sen. Dominick, 51-38, to raise from 1% to 2% the interest rate on development loans over the first 10-year period. pp. 15754-58, 15763-4
By Sen. Mondale, to "amend the title dealing with technical cooperation and development grants by adding a declaration of congressional policy stressing the importance of adaptive agricultural research in nations facing serious food shortages". pp. 15764-5
By Sen. Dirksen, a series of amendments as follows: To bar loans in circumstances where there has been an interest delinquency and the loan is sought for the purpose of paying off the outstanding loan; to bar aid to any country in default for more than 6 months on any loan to such country unless the obligation is met or the President determines that such aid is essential to national defense; to bar certain Development Loan Fund loans unless application has been submitted to the International Bank for Reconstruction and Development with a request for recommendations concerning the need therefor; to prevent AID from converting loans into grants; to require the Secretary of the Treasury to report to Congress June and Dec. of each year on the repayment status of each loan; to require a statement of the par value of the currency of the country involved and that such par value be maintained during the life of the loan; and to provide for a GAO audit of any program for which there has been expended or obligated in excess of \$500,000. pp. 15765-8
Sen. Gruening submitted and discussed a number of amendments which he intends to propose to the bill. pp. 15663-66
16. SCHOOL MILK. Sen. Proxmire expressed the hope that the House will "reaffirm its support for the school milk program and at the same time give dairy farm income a shot in the arm by approving legislation extending the school milk program." p. 15672
17. BUDGET. Sen. Douglas stated that for the third year in a row the year-end budget deficit is smaller than originally forecast and commended the "careful and responsible" fiscal management of the administration. p. 15683
18. RESEARCH ANIMALS. Sen. Brewster spoke in favor of the Senate-passed version of the research animal protection bill which includes the Monroney amendment to provide humane treatment in the laboratory itself, and inserted an editorial supporting his views. p. 15688
19. INFLATION. Sen. Tower inserted a speech by the president of a Texas cattle raisers association discussing food costs and farm prices and alleging that federal programs which pump billions of dollars into the economy are the major cause of inflation, which he described as "germane to this problem." pp. 15692-4

20. FARM PROGRAM. Rep. Hruska criticized administration farm policies and inserted an editorial which he said "reflects the growing resentment by America's farmers of the policies of the Johnson-Freeman administration." pp. 15701-2

ITEMS IN APPENDIX

21. FOOD FOR FREEDOM. Extension of remarks of Rep. Wright favoring passage of the food for freedom bill, stating that "the American people are committed to freedom from hunger for all men", and inserting Rep. Purcell's speech before the Conference of the Americas on Malnutrition As A Vital Factor In Development." pp. A3826-8
22. WATER. Extension of remarks of Rep. Rogers, Tex., reemphasizing the need for legislation to authorize feasibility investigations of certain water resource development proposals. p. A3831
Extension of remarks of Rep. Rumsfeld expressing concern over the gravity of the water crisis and inserting an article, "Pollution's High Cost." pp. A3835-6
23. WILDLIFE. Rep. Quillen inserted an editorial, "Overregulation Can Kill", which stresses the theme "that by regulating many of the species of animal life, we are seriously tampering with nature's balance." pp. A3832-3
24. OPINION POLL. Reps. Rees and Corbett inserted the results of questionnaires, including items of interest to this Department. pp. A3836, A3842-3
25. DAIRY INDUSTRY. Extension of remarks of Rep. Williams describing the "flourishing Mississippi dairy industry". p. A3841
26. FOREIGN TRADE. Rep. Adair inserted an article, "How Effective Is Our Blacklist of Ships Doing Business With Cuba and North Viet Nam?" pp. A3841-2

BILLS INTRODUCED

27. WATERSHEDS. H. Con. Res. 840 by Rep. Matsunaga, H. Con. Res. 841 by Rep. Redlin, H. Con. Res. 844 by Rep. Resnick and H. Con. Res. 845 by Rep. Schmdhauser, relating to the submission to committees of Congress of watershed improvement plans; to Agriculture Committee.
28. LOANS. H. R. 16402 by Rep. Resnick, to amend the Consolidated Farmers Home Administration Act of 1961, to authorize the Secretary of Agriculture to finance and participate with State and local interests in the financing of recreational enterprises and industrial establishments needed for the economic development of rural areas; to Agriculture Committee. Remarks, p. 15617.
S. 3630 by Sen. Griffin, to mesh the combined efforts of government at all levels with private endeavors to provide jobs and dignity for the poor; to Labor and Public Welfare Committee. Remarks of author pp. 15623-34
29. INTEREST RATES. H. R. 16352 by Rep. Barrett, to establish temporary ceilings on the rates of interest which may be paid by certain institutions, and to provide relief to the mortgage market; to Banking and Currency Committee.

delinquent for failure to met required mortgage payments or, which has resulted in assignment of a mortgage to the FHA, foreclosure of a mortgage or a deed in lieu of foreclosure.

The term "Mortgage Relief" includes any FHA insured mortgage transaction which involved a modification of the mortgage, forbearance agreement or other similar relief.

(With respect to each listed project which resulted in "Mortgage Relief" or "Default," as identified above by an Asterisk in the appropriate column, the interested principal must attach a signed statement explaining the relief or default. "Packagers" and "Consultants" must attach a signed statement describing the services they have rendered or will render in the proposed transaction and stating their fee. They must also include a statement that they have not and will not receive any fee or other compensation, direct or indirect, from any party connected with the proposed project, except as reported.)

Previous Project: Name & Location.....
FHA No.
Name of Principal.....
Type of Interest.....
Default
Mortgage Relief.....

Date	Signature and interest in proposed project
Date	Signature and interest in proposed project
Date	Signature and interest in proposed project
Date	Signature and interest in proposed project
Date	Signature and interest in proposed project

EMPLOYER IDENTIFICATION NO. OR SOCIAL SECURITY NO.
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WARNING: Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purposes of * * * influencing in any way the action of such Administration * * * makes, passes, utters, or publishes any statement, knowing the same to be false * * * shall be fined not more than \$5,000 or imprisoned not more than two years, or both."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? There being no further morning business, morning business is closed.

ORDER OF BUSINESS

Mr. JAVITS. I have at the desk the amendment which is the pending business before the Senate, relating to military juntas. I have agreed with the manager of the bill and with the leadership to withdraw that amendment and to offer another in its place. I think I have the right to withdraw my amendment and submit another in its place.

For that reason, I withdraw the amendment which I have at the desk and ask unanimous consent that tomorrow, after the disposition of morning business—

The PRESIDING OFFICER. The Senator cannot withdraw his amendment at this time because the unfinished business has not been laid before the Senate.

Mr. JAVITS. I yield for the purpose of having the unfinished business laid before the Senate, as soon as the manager of the bill is ready.

FOREIGN ECONOMIC ASSISTANCE, 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and that the Senate proceed to its consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill.

AMENDMENT NO. 680

Mr. JAVITS. Mr. President I withdraw the pending amendment and ask unanimous consent that on tomorrow, after the morning business and the disposition of whatever may be the pending amendment before the Senate, if any, I be recognized in order to call up the amendment which I now send to the desk.

The PRESIDING OFFICER. The amendment is withdrawn. Is there objection to the request? Without objection, it is so ordered.

Mr. JAVITS. I ask that the amendment be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

ADMINISTRATION RIGHT TO RESIST TAX INCREASE

Mr. PROXMIRE. Mr. President, on Monday the distinguished senior Senator from New York [Mr. JAVITS] and I were about to engage in a colloquy, and we were unable to do so because it was necessary to move forward on this foreign assistance bill.

Since that time, we have cleared an agreement with the majority leader—and I have talked to the minority leader about it this morning, as well as to the manager of the foreign aid bill, the chairman of the Foreign Relations Committee [Mr. FULBRIGHT]—to enable us to engage in a short colloquy now.

However, I understand that my good friend, the Senator from New York, must leave the floor because he has a commitment he must keep.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I shall proceed with my statement, but I understand why the Senator cannot be present.

Mr. JAVITS. Will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. JAVITS. In the first place, I thank the Senator for his customary courtesy, and I appreciate the position the Senator proposes to take. I shall say just a word about that, and explain briefly my own position.

I think we face an extremely serious situation, both in the country and in the world; in the country, because we can avoid neither the inflationary impact of taking roughly \$15 billion out of the civilian economy for the Vietnam struggle, nor other influences here which have emphasized monetary as against fiscal policy as a way in which to deal with the overheating of the economy, which in my judgment have resulted in high interest rates and in a tight money situation.

I submit that that tight money situation is very serious. I shall state my case, so that, while the Senator may speak the other way, at least both points of view will be of record.

The seriousness of the tight money situation is in its cost to the normal consumer, especially in such fields as homebuilding, and to small business. A second aspect of it is the fact that we have essentially entrusted to the banks the selectivity of where credit should go; and they are making their own decisions, one would assume not on the basis, necessarily, of the national interest—although I am sure they are as patriotic as anybody else—but on the basis of what is the prime credit.

If one talks to them, they will say they are distributing credit pretty equitably. They say the small man, the small business, the homeowner, and so forth receive a fair break.

But as we all recognize, when credit is administered by a bank, whose job is to earn interest on money and to get its money back, it does not have the same connotations we would put on it if we were doing it here as the Government, or as the U.S. Senate.

The administration's most recent response to the problem of rising interest rates has been to suggest that the House Banking and Currency Committee begin work on legislation to limit temporarily the amount of interest which commercial banks and other financial institutions can pay on certain types of deposits. Should Congress act on this recommendation, it would be like clamping the lid on a boiling pot without turning down the heat. If study by appropriate congressional committees indicates, however, that this would be an appropriate action to take, it is my view that this action must be coupled with basic fiscal action to moderate the demand for credit, which is one basis of our high interest structure.

Credit demand for marginal projects can be reduced by a more restrictive fiscal policy. Improving the mix between fiscal policy and monetary policy would result in reducing the overall level of demand but at a lower structure of interest rates than in the present situation where emphasis is placed on restrictive monetary policy alone.

While the rate of increase in the price level appears to have diminished in recent weeks, the inflation hazard is by no

means a thing of the past. We are in the midst of a guideline-jettisoning machinists' strike against one-half of the major domestic airline carriers, right now. Next year, labor contract negotiations are scheduled involving 3 million workers in a number of key industries, such as rubber, trucking, communications, paper, construction, and automobiles. Vietnam costs are certain to increase before the year is out, and capital spending is not diminishing. The administration cannot permit any further delay in adopting a policy mix that will permit continued economic growth in the United States without inflation.

This policy mix, in my view, calls for an easing of credit and lowering of interest rates balanced by an increase in both individual and corporate tax rates totaling about \$6 billion. If the administration would take the lead in fiscal policy, the Federal Reserve Board would, I believe, be ready to adjust monetary policy accordingly. If administration-Federal Reserve Board coordination has any meaning whatever it means just such cooperation and Congress has every right to expect this from the Federal Reserve Board.

It is fair to say that our current economic outlook is cloudy and there are no quick or easy policy solutions. Nevertheless, the administration's abdication of economic leadership over the past 6 months has aggravated the uncertainty about the economic outlook and made the selection of an appropriate policy response more difficult and hazardous than would have been the case early this year.

Further delay in making hard economic decisions would be the worst solution. A modest increase in individual income taxes—1½ or 2 percentage points—coupled with an increase in corporate income taxes—2½ to 3 percentage points—would yield \$5.5 to \$7 billion in Government revenues and would affect the economy across the board more equitably than a tight-money policy; a policy which is essentially nonselective except as individual banking institutions carry out selectivity. A corresponding easing of credit and a fall of interest rates would at the same time improve the situation of those credit institutions and businesses which today are carrying the main burden of the administration's unwillingness to "face the music."

In addition to all those reasons, I foresee other demands. For example, there is a very grave and serious financial crisis in Britain, which could very seriously and adversely affect not only the economic situation of the world, but also of the United States, as well as Britain's defense responsibilities.

Yesterday I advocated here that we ought to give Britain some pretty drastic help in these circumstances, not for its welfare programs or to nationalize business, but to enable it to navigate this gale in which it finds itself.

For all of those reasons, I felt we had to be willing to face a tax increase, and I did not feel—and this was the essence of my difference with the Senator—that the slowdown we had seen in the gross national product's rate of increase in the

second quarter of this year was a sufficient reason why we should forgo that position. I know the position is politically difficult and indeed politically unpopular, but I think the exigencies of the economy demand a modest across-the-board tax increase for individuals and corporations, sufficient to produce something in the area of \$5.5 billion to \$7 billion a year. Correspondingly, it is my view that the Federal Reserve Board should ease the credit situation and help lower interest rates. The reduction in the rate of increase in the gross national product in the second quarter was not a sufficient reason against my recommendation, first, because it was a temporary phenomenon, whereas other very much deeper phenomenon were occurring right around us which would have a contrary effect; and secondly, because I pointed out the tremendous result of the increase by reason of inflation, which was only, to me, an added danger. Increased Vietnam costs and the forthcoming labor contract negotiations in a number of key industries could contribute to further serious inflationary pressures.

I hope the Senator will forgive me, because I must leave now, but I welcome a juxtaposition of our two structured ideas, both for the edification of the Nation and for our governmental agencies.

I say to the Senator that there is no one with whom I would rather have this kind of effort to depict two different points of view, arriving at exactly opposite conclusions on the same set of facts—which often happens—than my beloved fellow Senator, the Senator from Wisconsin.

In conclusion, I ask unanimous consent to insert into the RECORD an article written by Hobert Rowen in the Washington Post of July 19, 1966, on this subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post, July 19, 1966]

BRIMMER ASKS FOR TAX ACTION, BANK RESTRAINT

(By Hobert Rowen)

The newest Governor of the Federal Reserve Board, Andrew F. Brimmer, yesterday warned the nation's bankers that they must say "no" to more of their customers, and he came out flatly for tax action to dampen the boom.

"The crying need today is for more effective bank restraint on loan expansion," Brimmer said in a speech in Boston. "Something should be done—and soon."

Although he said he could not speak for his associates, Brimmer implied that the first action might come from the Fed itself through a reduction in bank reserves. This would sharply reduce the banks' ability to make loans.

Brimmer pulled no punches in criticizing the Administration for failure to raise taxes earlier this year, and insisted that action on the fiscal front "still seems in order."

Brimmer thus becomes the fourth member of the seven-man FRB to say publicly that monetary policy is being asked to carry too much of the burden of fighting inflation. Similar statements have been made by Chairman William McChesney Martin and Govs. Sherman J. Maisei and J. Dewey Daane.

SPOKE IN BOSTON

The Brimmer speech, text of which was released here, was delivered to a business-

man-financial leader luncheon at the Boston Federal Reserve Bank.

An economist and former Commerce Department Assistant Secretary who was named to the Fed in February, Brimmer is considered a moderate, with leanings to the modern, or "new" school of economics.

The speech, although not Brimmer's first as a member of the Fed, provided his first general assessment of today's economic problems since moving to the Board.

Coincidentally, Senator JACOB JAVITS (R-N.Y.) blasted the President for "unwillingness or inability to stop the present drift in economic policy." Javits called for a \$6 billion across-the-board tax boost.

WITHDRAW STIMULUS

Brimmer did not go that far. But he was more specific than other FRB members have been by suggesting withdrawal of the stimulus to the economy provided by the 7 percent investment credit.

Because the need for restraint is "immediate," Brimmer recommended "a suspension measure that would affect business decisions to begin spending." The method: disallow the tax credit for new capital goods ordered after a given date.

But whatever is done or not done in this field, Brimmer vigorously insisted that bankers had better reduce the levels of their lending which—in blunt terms—he said were getting out of control.

He said that the bankers were feeding an "unsustainable level of demand for our limited resources."

Brimmer pulled together figures which for the first time show where the big expansion in bank loans is going. From reports by 200 large city banks that give the Fed an industry break-down of their loans, Brimmer evolved the following:

Loans to metal producing and fabricating firms have tripled over the second quarter 1965 rate.

Other large borrowers include textile makers, and petroleum and chemical companies.

But loans to the construction industry are rising less rapidly, as are loans to transportation, communication, and other public utilities.

Over-all, city banks made loans totaling nearly \$3 billion in the second quarter, almost 70 per cent higher than the same period of 1965.

BALLOONING LOANS

At this level of expansion, Gov. Brimmer said, loans were ballooning faster than the banks' total assets. "Clearly," he said, "we must ask just how long can banks expand their loans to business beyond the expansion of deposits."

Brimmer's analysis also showed that there has been a dramatic rise in the number of country banks borrowing from the Fed—about one in 7 during the past three months. This is twice as many as earlier in the business expansion.

Moreover, many of these country banks have been "frequently" indebted to the Fed, a trend which Brimmer says shows that the demand for loans by big corporations is so big it is spilling over from the bigger to the smaller banks.

Mr. PROXMIRE. Mr. President, I thank the distinguished Senator from New York, and I appreciate very much his remarks. What he has said certainly states his side of the case very fairly.

I think it is an illusion, and a great illusion, that our economy has been moving too fast, growing too rapidly, with the illusive result that there is a tremendous growing pressure which will push prices up.

I say this is an illusion, because not only the GNP figures, but all the figures

Nonresidential investment
(Dollar amounts in billions)

	Non-residential gross private domestic investment	Percent change	Change in business inventories
1965:			
I.....	\$66.7		\$9.5
II.....	67.3	1.8	7.6
III.....	70.2	3.4	8.7
IV.....	73.9	5.3	10.4
1966:			
I.....	77.0	4.2	8.9
II.....	78.3	1.7	12.0

Average weekly hours of production workers in manufacturing

	1965	Hours per week
September		41.0
October		41.3
November		41.4
December		41.7
1966		
January		41.2
February		41.3
March		41.4
April		41.2
May		41.5
June		41.5

Mr. PROXMIRE. Mr. President, we have had experience with this kind of inflation in the past. We had the boom in 1955, 1956, and 1957, primarily a capital goods boom like the present with an immense increase in plant and equipment. We then had increasing unemployment. Consumer prices rose between 1955 and 1960 by 10.5 percent. Since 1961 consumer prices have increased only 8 percent, although unemployment and excess capacity has been falling rapidly during this longer period of time. This was the best price performance of any industrialized country in the world. Why was that? That occurred because in the latter period the administration met and stood up to the bargaining power of big labor and big business. In 1955-1960 the big boys pushed the prices up in the face of declining demand. Unless we have an administration like the present administration, which has put and will put strong and effective pressure on all parties to prevent such increases, there will be trouble. That is why the successful molybdenum price rollback won by the administration should be applauded. The President should be commended for the effort to keep prices down in the steel and automobile industries, to keep them in line.

I think that we are on the right track. I yield the floor.

**ORDER FOR ADJOURNMENT UNTIL
11 A.M. TOMORROW**

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

**FOREIGN ECONOMIC ASSISTANCE,
1966**

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AMENDMENT NO. 679

Mr. LAUSCHE. Mr. President, I send to the desk an amendment to the military assistance phase of the foreign aid bill.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. LAUSCHE. Mr. President, the foreign aid bill contains a proposed change in the law. My amendment deals with military assistance to the nations of the Western Hemisphere.

In the law there is a limitation of \$55 million that can be granted by way of military assistance to the 19 South American countries. The Committee on Foreign Relations this year changed the \$55 million limitation applicable to grants and made the limitation also applicable to sales. In other words, under the existing law, our Government could not grant more than \$55 million in military grants.

The change in the law provides that now not more than \$55 million shall be granted for either grants or sales. That means that if a South American country wants to buy military equipment from our Government, we cannot sell it if the total amount of grants received and the sales made exceeds \$55 million. That means that these South American countries, if they deem it necessary to strengthen their military side of the government, will not be able to buy from the U.S. Government, but will have to go somewhere else in the world.

I believe the provision is ill based, improper, and inimical to the interests of the United States, and for that reason I offer the amendment.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. PEARSON. Mr. President, I should like to be associated with the remarks of the Senator from Ohio. I should appreciate it if he would add my name to the amendment as a cosponsor.

Mr. LAUSCHE. I ask unanimous consent to do so, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, I should like to point out that with the

amendment of the Senator from Ohio, the interests of the Federal Government are still well protected. My understanding is that this portion of the bill contains a provision that the President must make a finding that it would be in the national interest for any of these activities to be undertaken. I am quite sure that the President would not make such a finding if a particular sale was inimical to our interests.

I also point out that the limitation that is now in the bill virtually eliminates the sales program of the United States, and with the \$55 million limitation on grants and sales with all the Latin American countries, the sales would just about fall out.

Mr. LAUSCHE. They would fall out. They would go to other countries to make the sales.

Mr. PEARSON. I might say further, Mr. President, that I happen to know that at least two of these countries have already set up programs for follow-on sales and for regular sales programs—not necessarily to buy new equipment, but to buy spares and replacement parts. If this limitation is left in the bill, that activity will be greatly curtailed. I recommend that the amendment of the Senator from Ohio be considered favorably. I hope that the chairman of the committee will accept the amendment.

Mr. FULBRIGHT. Why can it not be deferred to the next bill? It is not pertinent to this bill at all. A debate can take place and it can be considered in connection with military assistance.

Mr. LAUSCHE. The reason I introduce it now is so that the Members of the Senate will be able to read in advance what my proposed amendment means, so that they will be familiar with it when the military assistance bill comes before the Senate.

Mr. FULBRIGHT. That will be next week.

Mr. LAUSCHE. I thank the Senator very much.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The Senator from Illinois [Mr. DIRKSEN] is recognized.

AMENDMENT NO. 657

Mr. DIRKSEN. Mr. President, I call up my amendment No. 657, with modifications.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 4, line 5, strike out "\$620,000,000" and insert in lieu thereof "\$370,000,000."

Mr. DIRKSEN. Mr. President, the net effect of the amendment would be to reduce the Development Loan Fund by \$250 million below the figure which was authorized by the committee.

Last year we authorized \$618,225,000, and this year, for fiscal 1967, the committee authorized \$620 million.

I first had in mind an amendment that would apply in part to the Development Loan Fund and also to supporting assist-

ance, but it occurred to me that the entire amount should be taken out of the Development Loan Fund and that is what the modification amounts to.

Mr. President, this is not just a gesture. I am not particularly interested in gestures. This is not an effort to seek a headline. This is not done in a partisan spirit, for behind this effort and behind the other amendments which we propose to offer, there lie a good many weeks, and in fact months, of rather patient and painstaking effort to determine how our foreign assistance program should be operated and how it should tick.

Mr. President, it was on June 5, 1947, that George Catlett Marshall, the distinguished late Secretary of State, stood before an audience at Harvard and included one paragraph in his speech. That paragraph suggested that if European countries, then racked, shattered, and torn as a result of the conflict, would assess their needs to prevent chaos and bankruptcy, the chances were that the United States would be glad to assist.

Well, they did assess their needs and we did assist, and we have been assisting for 19 years, because it was 19 years ago last month that George Marshall made that speech.

Now, Mr. President, the so-called AID program has been before the Congress every year since that time. It has come under first one caption and then another. But whatever the name, whatever the title, and whatever the contents, it has flowed on ceaselessly like Tennyson's brook.

However, there is a distinction between Tennyson's brook and foreign aid because that brook chattered on and chattered on and found its way to the reservoir of the river. Foreign aid, however, comes out of the river of our resources, so to speak, and it flows into channels in every section of the whole wide world.

I point out in the beginning that this amendment would have no effect upon military appropriations. As far as Vietnam is concerned, we are making complete and adequate preparation for and supplying everything that is necessary to Vietnam under the defense bills, so that Vietnam would be in no wise affected.

It is inspired, in part, by the fact that this country is confronted with a very serious situation. In that connection I was quite intrigued to note from the ticker today that Prime Minister Wilson has ordered a massive crackdown on domestic credit buying as part of his crash program to save the pound from devaluation and to rebuild Britain's economy.

Among other things, they have upped the down payment on automobiles, motorcycles, and trailers from 25 percent to 40 percent. They have upped the downpayment on other items. He

has also frozen wages and prices for a period of 6 months, in the hope that the devaluation can be avoided.

There are other items in his program, some of them quite intriguing, but here he has come to grips with a monetary and fiscal credit situation that in some respects is not unlike that which confronts us today: The very fact that there has been a series of conferences at the White House in the last few days, one of which I attended when the President had the joint leadership there to discuss this entire problem and ascertain what could be done.

So I think today, as we consider a cut in the so-called AID bill, we should have that whole matter quite in mind. I am not so sure, Mr. President, but that the countries that have been the recipients of our largess have developed for themselves an outlook that could be called a way of life. Perhaps they are constantly looking to our Nation's Capital, for aid and assistance, when there is no other place to look. Perhaps they have developed an attitude that somehow it has hardened the feeling that when you are in difficulty make a journey to Washington with your mendicant's cup and there present your plea and you are bound to receive some assistance.

Well, perhaps this can go on forever. I doubt it very much. I think the time has come now to speak the piece, and, regardless of criticism, and regardless of circumstances, to see whether or not we cannot give a few kind thoughts to the solvency and the stability of our own country, and to some assurances that our dollar will not be in the same fix that the pound was getting into before this austerity program was announced in Great Britain last night.

First, let me point out that we checked back on the AID figure, and when I use the word "AID," I mean all of its predecessor agencies. I mean the mutual assistance program; I mean the Marshall plan; I mean the technical program; and everything that has happened in this field since the fifth of June 1947.

I believe this is a quotable figure and I think we can stand on it. Many a figure has been bandied about as to what the aid program has cost. I think the figure ranges all the way from \$110 billion to \$144 billion. We come up with a figure, on the basis of consultations with the Comptroller General's office, with the AID people, and with the Federal Treasury, that at this good hour aid has cost us \$117,019 million.

In addition to that, there have been a good many other aids of a kind, whether in the form of loans or grants.

Mr. President, I hold in my hand some tables that I believe should be printed in the RECORD. First of all, I should add that the AID assistance to all countries, including the World War I debt, which reflects what assistance we have rendered to countries which found themselves in difficulties, amounts to \$14,408 million.

Interestingly enough, Finland was the only country that finally paid interest and kept up its obligations on the World War I debt. No wonder, at a gridiron dinner a good many years ago, when the Finnish Ambassador was introduced, the rafters fairly shook with applause as a measure of the appreciation and gratitude of America to a country which somehow had a feeling that it should fulfill its obligations and requite its particular obligation to this country.

Now, in addition, we go to the World Bank, another form of aid, which was kind enough to send me its latest report. It is quite impressive and—shall I say—a very colorful piece of work. Usually, annual reports are. If I do not get any other kick out of it, I love to look at the pictures, but they also have tables galore. Finally, I got through it and discovered that we have subscribed to 63,360 shares of stock of the World Bank. We plumped down—that is a good term—laid on the line, \$635 million. But that is only a very small part of the story because when we subscribe to all these shares of stock we make a token payment, but we are callable any old time—when they need the money—for another \$5,715 million.

Thus, if we are thinking of aid as some kind of reservoir to be tapped, well, there is the World Bank, and it has been making loans all over the universe. Already, it has made \$5 billion worth of loans. I do not believe there is any country under the canopy of heaven that does not have a loan, with the exception of one country—and that happens to be the United States of America. We subscribe to 29 percent of the capital stock. Everyone else can get a loan. We have got no loan.

Then we have another kind of aid. I like its abbreviation. It is called IDA. I remember, coming in from the hospital this morning, I was driven by Ida's Department Store out on Georgia Avenue, so it is easy to remember.

We make contributions to IDA, and thus far we have made contributions to the extent of \$635 million. That is 32 percent of all the contributions made to sweet IDA. It is pretty nearly in line with the 33½ percent we contribute to the United Nations and all of its subordinate and auxiliary agencies.

I see before me a most interesting article published in the New York Times, on July 18, and it has a most entertaining headline: "World Bank Seeks \$1 Billion To Lend to Poor Countries. Rich Nations To Be Asked To Quadruple Contributions To Provide 'Easy' Loans."

I guess "soft loans" is a better term, but I will get around to those soft loans after a while.

I believe at this point, Mr. President, I should ask unanimous consent to have printed in the RECORD this article to which I have just referred, because evidently someone has an idea that we have not done enough, that the contributions

should be quadrupled—and, of course, that means Uncle Sam rather than anyone else.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 18, 1966]

WORLD BANK SEEKS \$1 BILLION TO LEND TO POOR COUNTRIES—RICH NATIONS TO BE ASKED TO QUADRUPLE CONTRIBUTIONS TO PROVIDE "EASY" LOANS

(By Edwin L. Dale Jr.)

WASHINGTON, July 17.—The United States and the other industrial countries will shortly be asked to quadruple, to \$1-billion a year, their contributions to the World Bank for "easy" loans to the poor countries.

The request will probably be made this week by George D. Woods, the president of the bank. The formal title of the World Bank in the International Bank for Reconstruction and Development.

The contributions, now running at \$250-million a year, would go to the bank's easy-loan subsidiary, known as the International Development Association. The bank itself raises funds by selling bonds on the world's capital markets.

FIFTY YEARS TO PAY

The United States share of the contributions to the association would remain at about 40 per cent, or \$400-million a year instead of the present \$100-million. The money is lent to the world's poorest countries with no interest and 50 years to pay.

The Woods request will pose a major choice for the United States and the other rich countries. It will bring to a head the question of whether a much larger portion of economic aid to the poor countries should be given through international institutions instead of bilaterally.

It will also pose dramatically the question of the willingness of the rich countries to increase the total volume of aid to the developing countries. The World Bank has calculated that the developing countries are now in a position to absorb usefully from \$2-billion to \$4-billion more a year than they are currently receiving.

In 1964, the last year for which figures are available, total government aid was \$5.9-billion and private capital flow was \$3.2-billion.

Mr. Woods has chosen this week to make his formal request for additional funds for the I.D.A. because the top foreign aid officials of 15 countries will be here for a meeting not directly connected with the World Bank.

NO HINT OF AMOUNT

This is a meeting of the Development Assistance Committee, an arm of the 21-country Organization for Economic Cooperation and Development. The committee seeks to coordinate the aid programs of individual aid-granting countries.

The member nations of this committee are also the main contributors to the I.D.A.

The bulk of support for the association comes from the United States, Britain, West Germany, France, Italy, Japan and Canada.

Mr. Woods will speak to the meeting, but he is expected to make his formal request for funds for the I.D.A. separately.

Th donor countries have known for months that a request for a new round of contributions for the I.D.A. was impending because its association funds are running out. The last round of contributions was \$750-million over a three-year period.

Mr. Woods has given no hint, however, of how much he will ask. His asking figure of \$1-billion was learned from highly authoritative sources.

What the United States reaction to the request will be is not known. Top officials have indicated a definite sympathy with the idea that the rate of aid given by the association should be increased, but whether they will go along with a quadrupling of the aid is uncertain.

Furthermore, the United States is eager to find a device by which its contributions to the I.D.A. would not further worsen its deficit in the balance of international payments. I.D.A. loans are disbursed by the bank on the basis of competitive worldwide bidding, and thus many of them eventually flow by way of the poor countries to other developed countries.

Mr. Woods is known to have strong reservations about two possible ways that the United States, or other donor countries, could be protected against any adverse balance-of-payments effect.

RIGHT TO REDUCE

One would be to give a nation in balance-of-payments difficulty the right, at the time the money is disbursed by the I.D.A. several years from now, to reduce its contribution by some specified amount for the year in question. This poses for Mr. Woods the problem of not knowing precisely how much money he could commit for loans.

The second would be a requirement that the bank "tie" its disbursements to goods procured in the nation suffering payments difficulties. Dollars would have to be spent in the United States, for example. This would require a sharp revision of the bank's current practice.

Another suggestion has just begun to be explored. This would be an agreement among the donor countries that the total pledge for each year would be "firm," but that members of the donor group in payments difficulties might pay less while their problem lasted. The difference would be made up temporarily by those in payments surplus.

Mr. DIRKSEN. Mr. President, we have agencies running out of our ears. There is the International Monetary Fund. There is the International Finance Corporation. There is the Bank for Asian Development. There is the Inter-American Bank.

We have gone to some pains to put all these commitments together to see what we are liable for. The commitments now aggregate the tidy little sum of \$14,519,000,000. Accordingly, we see that when there is a call from needy people, whether it is in Vietnam, the Congo, the Transvaal, Iceland, or wherever it is, and the World Bank runs out of dough—and that is a good term, too—why, we are callable for money so that these poor creatures will not have to suffer.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield at that point?

Mr. DIRKSEN. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Our total commitment is \$14,500 million?

Mr. DIRKSEN. \$14,519 million.

Mr. LAUSCHE. Does the Senator's document show what part of the commitment has actually been paid in, and what part is callable?

Mr. DIRKSEN. Well, on the World Bank, we paid in \$635 million. We are callable for \$5,715 million. Under sweet IDA, those are contributions, and we are not callable for an amount there. But on some of the other agencies, we are; I do not have all of the detailed figures here, although we did put them together. I am interested in this very impressive total.

Mr. LAUSCHE. I would suggest that we get into the RECORD what amount we paid in and what amount was callable. I think it would be very informative for the Senate to have that.

Mr. DIRKSEN. Let me also emphasize what the United States got out of it. Nothing.

Now, World War I, \$14,408 million. Total commitments now for loans, \$14,519 million. AID and its predecessor agencies, \$117,019 million.

That adds up to—if my figures are correct—approximately \$145 billion.

Mr. President, we do not stop there, bless us. We have a new program soon to come to the Senate floor. It is called food for freedom. That is a mouth-filling term. It is also an ear-filling term. It is going to be a purse-depleting term, too, before we get through.

Let me tell the Senate what we are going to do under the food-for-freedom program:

Under title I, \$2,500 million every year. Under title II, \$800 million every year. Under title III, \$33 million every year.

Now, if I am any good at arithmetic—as Aristotle or someone else said, arithmetic is the greatest of the sciences and the mother of all invention—that figure should add up to \$3,333 million annually. That is just another commitment of aid.

The singular thing is that we thought, as we went along giving all this aid during the years, that somehow we could stimulate the enterprise system in the countries which were receiving benefits from the United States. But, if it has happened, I see no evidence of it.

I do not know to what country one can point and say the enterprise incentive, the vigor and energy for self-help, is the kind that has energized or sharpened it. That is one of the distressing things about this whole program.

The other is that I have seen very little resource development. If anything, there has been less development than there was before. Before the ruckus in the Congo, the Belgians were in there and were doing a pretty tolerable job of developing the mineral resources of the country. What has happened since that time? There have been assortments of killings and self-appointed leaders who have been at each other's throat. How much stability there is there at the

present time is a question of grave doubt. I see nobody getting back to the enterprise system or developing the resources of that country.

Mr. President, just think of the countries in Asia, Africa, and elsewhere, where the Lord has planted some of those things that have enriched and developed mankind. Yet where are the developments? Only in a few countries have we seen them.

So one wonders to what purpose our aid was directed in the first instance. To be sure, when the program was first started, it was designed to give relief to people who were the victims of war.

There has been some success, not only in the development of a country's resources, but in the reestablishment of their economic systems. That has happened in some instances. It has happened in Germany. What was the result? A stable currency and a country that peddles its merchandise practically all over the globe. West Germany has practically no unemployment.

When the Chancellor of West Germany was in this country, the distinguished chairman of the Foreign Relations Committee, or one of the distinguished members of that committee, had a luncheon for him. I went to the luncheon and I asked the Chancellor about unemployment in his country. He said, "We could use a million extra people right now."

So that country has done it. It has followed a pattern tested by time and found not to be wanting.

Are we to be in the fix of the ancient Greek runner, who collapsed when his goal was in sight, finally bit on his wrist, sucked his blood, won the race, but fell exhausted and died at the end? Does that have to be the end of a program of this kind, after all the good will we have invested, together with our funds? Must that be the reward for our country?

I go a little bit further in this picture if, in this melee and assortment of material, I can find where I placed my note. There are other factors that should be discussed here and now with respect to the AID program. Mr. President, I am about to call for a seventh inning stretch until I can find what I did with my note.

Mr. FULBRIGHT. Mr. President, will the Senator yield, while he is looking for his paper?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. As a matter of information, I ask unanimous consent to have placed in the RECORD an article written by Mr. Edwin L. Dale, Jr., in the New York Times, entitled "Aid to the Poor Nations Soared to Record \$10.98-Billion in '65."

The article breaks down overall foreign aid into various categories: bilateral aid, private capital, through international lending agencies, and so forth. I think it will be of interest to the Senate.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 20, 1966]
AID TO THE POOR NATIONS SOARED TO RECORD
\$10.98 BILLION IN 1965

(By Edwin L. Dale, Jr.)

WASHINGTON, July 19.—The total flow of aid to the less developed countries, public and private, reached a record figure of \$10.98-billion last year, up to \$1-billion from 1964.

This was disclosed today on the eve of a two-day meeting at the high official level of the 15-nation Development Assistance Committee, a group that attempts to coordinate the flow of aid.

The figure of \$10.98-billion represents disbursements of funds, not aid commitments or loan agreements. It is a net figure, with repayments of the principal of past loans to the poor countries subtracted from gross disbursements.

The \$10.98-billion had these main components:

Bilateral aid from the 15 industrial countries making up the Development Assistance Committee to the less developed countries, totaling \$5.8-billion. This includes food shipments by the United States.

Private capital flow from the rich to the poor countries of \$3.6-billion. This includes both investments in mines and factories and exports on credit terms with more than one year to pay, usually guaranteed by governments.

Aid from the international lending agencies of \$290-million. With money raised from both governments and private capital markets.

Aid from nations not members of the Development Assistance Committee, mainly the Communist countries, of about \$670-million.

The committee is an arm of the 21-nation Organization for Economic Cooperation and Development, with headquarters in Paris. The meeting here this week is the annual gathering of top foreign aid officials of the 15 nations that account for practically the entire flow of aid outside the Communist bloc.

The total aid flowing from the countries that are committee members, including private aid and money flowing by way of international lending agencies, was \$10.15-billion last year.

Officials said this came to almost exactly 1 per cent of the combined national income of the 15 countries, the figure originally set as an informal target for aid.

However, the United Nations has since set a target of 1 per cent of the gross national product of the industrial countries, a figure larger than national income. Last year's aid total was about 0.85 per cent of gross national product.

This week's meeting is expected to review the general aid picture and to take up in some depth for the first time the special problem of an expected world food shortage.

The statistical report today put the total of aid flow at \$7.7-billion in 1960, \$8.97-billion in 1961, \$8.6-billion in 1962, \$9.4-billion in 1963 and \$9.9-billion in 1964.

The members of the Development Assistance Committee are Australia, Belgium, Austria, Canada, Denmark, France, West Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, the United Kingdom and the United States. The executive commission of the European Economic Community, which disburses some aid, is also a member.

Mr. FULBRIGHT. Mr. President, I was going to offer one or two comments with regard to the case the Senator from Illinois made on the amendment which

he has proposed. The authorization asked for by the administration was \$1.25 billion, but it asked for only \$665 million in appropriations for the 1967 fiscal year. In other words, it has asked for a 5-year program, apparently contemplating a carry-over from unappropriated funds under the authorization for future years. The fact is that the administration has said it needs only \$665 million.

If the amendment offered by the Senator from Illinois is adopted cutting the authorization to \$370 million that would leave a difference between the Senate and the \$1 billion authorization approved by the House of \$630 million.

If the conference compromised it 50-50, as we have done almost without exception on questions of amounts of money in the past, we come out with a figure of \$685 million. Following the usual practice the figure could be higher than the actual appropriation request of the administration.

While this looks like a deep cut in the authorization compared with that of last year, in my opinion the amendment offered by the Senator from Illinois, if the traditional pattern of the past is followed this year, would not result in a serious cut at all. It would be merely trying to maintain something in the way of what the Senate committee contended for.

Mr. DIRKSEN. The House came by its figure long before we were summoned to the White House to discuss fiscal affairs with the President.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. He pointed out the difference between domestic expenditures and the demands for military purposes. We know the military requirements must be met. There is nothing to be done about it. If General Westmoreland sends a cablegram and says, "I need this or that," we are dutybound to fill it. We do not leave our boys 12,000 miles from home, fighting in a dismal battle, without making available to them what their commanding general, whom we regard as the cream of the crop, thinks he ought to have. So our military demands must be met.

Therefore, we have nowhere else to look except to the economic picture. There are not many places where we can cut the budget in substantial sums. We cannot cut the cost of interest on our debt. The cost of paying interest on our debt is now \$12 billion a year. We cannot cut funds for our veterans. Every appropriation bill has its sacred cows. I have my own, I suppose, but I am not going to let the cows stand in the way if that is the only way to take action that must be taken to put this country on a sound and stable basis.

Mr. FULBRIGHT. I suppose the Senator's amendment is in pursuance of the President's request, as explained yesterday before the Appropriations Commit-

tee, and he is asking to cut some money out of the program.

Mr. DIRKSEN. That is exactly correct. The day before, the President had the leadership at the White House. We know what the facts are in the entire picture. We have our money supply. There are great demands for it. If there is anything to the classic definition of inflation, all one has to do is to equate it with the goods and the prices one sees on those goods in the marketplace.

Last Saturday I had an opportunity to go to the market with Mrs. Dirksen, to look around at the price tags, and buy a few things.

Being an old baker, when I buy bread I sometimes like to buy the pullman loaf. It is square, and makes good sandwiches.

So I picked up a loaf of pullman bread, and when we got it home, I noticed the price tag, and I was surprised. I thought, well, now, wait a minute; last week that loaf was 25 cents. This week it is 30 cents. So it has gone up very considerably.

I know it, because I take a look at the price tags.

So that is what we have in the country today; and people are beginning to get just a little excited and just a little concerned about this inflationary feeling. So there you have a factor.

Your second factor is this fierce money competition among all the thrift institutions, the savings and loan associations, the banks, the mutual savings banks. The question is, how much will they offer on certificates of deposit, for instance, in order to get a man's money?

Well, they bid one against another; and I think the latest figure I saw was that they were up to 5 $\frac{7}{8}$ in the mutual banks in New York, and they thought they would go through that 6 percent ceiling easily. It may be higher in other places.

But just take a look at the advertisements in the papers from day to day, and see what these savings and loan associations in Washington are doing. They start with 4 percent.

"We are going to give you 4 $\frac{1}{4}$."

"We will give you 4 $\frac{1}{2}$, if you come to our association."

Maybe now they are up to 4 $\frac{3}{4}$. But that is bidding for the available money.

And then, of course, we have this unending demand for credit. I do not wish to get into the question of the payments in balance. I would rather leave that to my distinguished and scholarly friend the Senator from Tennessee. But it is a factor in this picture.

Then we have the vast holdings of the federals. I saw a figure this morning, reasonably current: It is right at \$42 billion of Federal securities. That is a hoard for you. And of course the Open Market Committee can operate back and

forth—you plow securities into the market, and sponge up cash, or you put out cash and pick up securities—and so they try to gage it as best they can.

But do not think for a moment that the Chairman of the Federal Reserve Board is not worried and deeply concerned about what he sees in the fiscal and monetary picture today.

Here is the Prime Minister of Britain, worried about the pound sterling. What does he do? He gives his country an austerity program. We ought to be equally concerned about our own dollar, to make sure that its value will remain.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. DIRKSEN. Those are other considerations in the domestic picture that we must take into account, and it becomes part of the motivation for trying to find some place among 13 appropriation bills and the authorizations to go with them where we can cut out some money, and take a little of the heat out of this economy.

I yield.

Mr. HARTKE. The Senator referred to the British economy, and how they are trying to cut back with an austerity program. I am sure the Senator is aware that one of the places they pinpointed to cut was on their foreign aid program. They are making it the No. 1 item to which they point.

I might point out that as long ago as August 31, 1965, a man with whom I have always been in agreement, William McChesney Martin, the Chairman of the Federal Reserve System, said that the aid burden was too heavy. He told this to Senators:

The Chairman of the U.S. Federal Reserve System said yesterday—

This was August 30—

the United States is "carrying too large a load" in the area of foreign aid and international development.

He said "we have got to rely on our friends to do more than they have been doing in that field."

I should like to point out, just for a little local information, to the Senator from Illinois, since we are neighbors—the State of Indiana is very close to Illinois—that we have just completed an analysis of a sampling of public opinion in Indiana on foreign aid. This is a part of an in-depth survey we have been doing—a cross section of 1,116 respondents. All of these replies have come in between July 5 and July 19 of this year.

Question No. 8 on that poll was:

Do you think that America's foreign aid—economic assistance—has been valuable in achieving the friendliness of foreign nations?

"Yes," replied 20.5 percent and 69.1 percent said "No." 10.4 percent were undecided.

Question No. 9 was:

As concerns our economic assistance program, AID, which of the following do you prefer: (a) increasing foreign aid.

That was the preference of 13 percent.

(b) continuing at present levels.

That was the preference of 14.8 percent.

(c) reducing foreign aid.

38.8 percent indicated that as their preference.

(d) ending the foreign aid program.

That choice was the preference of 27.8 percent. 7.6 percent were undecided.

In other words, we had a total of those who are for increasing foreign aid or continuing it at present levels of 27.8 percent, while those who are for reducing or ending it totaled 64.6 percent, or almost two-thirds of those responding.

I wish to include two more figures from this questionnaire.

Question 10:

On the assumption of a continuance of foreign aid, would you place it on a selective basis to friendly nations only, or would you also include neutral nations?

The responses were as follows:

Friendly nations only, 49.8 percent.

Also include neutrals, 35.9 percent.

Undecided, 14.3 percent.

The question on military aid I shall not include at this time, but the figures are still more overwhelming.

Therefore, I commend the Senator from Illinois for this amendment, and I hope the Senate will agree to it. I think in the abnormal situation we are involved in at the present time, which the Senator has referred to, certainly a little bit of economy for those overseas is in order. It would not hurt them to share some of the problems we have here at home. That is not saying that in future days we may not change our minds. But at this stage, we ought to cooperate with the President in cutting down the expenses of the Government. We ought to follow his suggestions. If we do not follow the same path, we will come out with the same end result. If he is fearful of a budget deficiency in 1967, I think we should support him.

The question is not whether or not we are going to buy two or three boxes of paper clips, but of cutting out \$250 million. As I commented earlier to the Senator from Illinois, I think maybe his cut is a little too small, but I intend to support him and vote for his amendment.

Mr. DIRKSEN. I have always thought forbearance is a virtue. When I first toyed with the figure, I think it was twice that amount. I felt I would rather be reasonable about it, and submit a figure that probably the Senate would approve, and that could be retained in the bill in conference.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question at that point, since he has been interrupted?

Mr. DIRKSEN. Let me make this one comment.

I notice one other thing in this British picture. They have not touched loans for modernization and expansion of hotels. The idea is to get our folks over there, so that they can spend some money. That is a very laudable ambition on their part, I must say, but I do not know that it contributes particularly to our own stability.

I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The Senator has reduced his figure from \$620 million to \$375 million, if I am correct.

Mr. FULBRIGHT. \$370 million, according to my figures.

Mr. DIRKSEN. That is right; I had to modify it. We did not take out the foreign assistance fund. The entire \$250 million cut comes under the development program.

Mr. FULBRIGHT. And the Senator has taken none out of the supporting assistance.

Mr. SALTONSTALL. Yes, and I am glad. My question is, how much is unobligated and unspent of funds on hand for the development loans?

Mr. DIRKSEN. We had that looked up, and they gave me a figure of \$228,900,000 that is available for the Development Loan Fund.

Mr. SALTONSTALL. In addition to this other amount?

Mr. DIRKSEN. That is right, because that amount is left from last year.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Mr. President, does the Senator from Illinois contemplate introducing or having a vote on any other amendments involving cuts?

Mr. DIRKSEN. I have no other amendments that involve cuts. I have many amendments that deal with procedure and administrative practice. This amendment is the only one of that kind, and I thought this was a logical place to do it because of the number of loan agencies in which we participate today, and the commitments by which we are presently bound.

Mr. President, I think another of the factors that we must have in mind with respect to this program is the conduct of the program. I do not know whether those who have been running the project get a little weary of well-doing. It is hard to say. However, I do not think you can be in this kind of a program for 19 years without getting into a kind of groove. The program will have to have

a good look-see to see whether we cannot get it straightened out.

I am not going to belabor all of these items at length, but I do wish to call attention to a few. I call attention to the failure of AID to report interest delinquency.

When we went over those records we found that they took the ones where interest was due and delinquent and just folded them into the capital and recapitalized the loans.

There were some of those, probably not a great many. However, we are now coming to the point at which we will have a great many of these loans on which the grace period and the low-interest rate are coming to an end. Then the delinquencies are bound to arise.

One of the truly intriguing things is the fact that where they carried the so-called maintenance of value cost in the AID contracts heretofore, that somehow was eliminated, and the figure that we have presently is that our loss or exchange loss as a result of failure to maintain the value amounts to \$351,200,000. This was on the basis of, I expect, a very close investigation. It is borne out, I think in large part, by the observation that the General Accounting Office made to this effect. They said:

Additional, substantial exchange rate losses on foreign currency assets will be sustained in the future.

AID has amended the six loans in the fiscal 1963-64 in which it eliminated the maintenance of value provisions. General Accounting Office found that in these six loans the immediate exchange rate loss was \$91.7 million.

We discovered that there was a country which made a loan for supporting its budget, and then, after the loan was made, we found that the country actually did not need the budget support loan. They had sufficient money with which to do it. They then used their own money on a project on which they tried to get AID funds and failed. The funds were denied. However, once we made the budget support loan, they then took their own money to do the very thing that we tried to keep them from doing.

Those are rather quaint and interesting practices. I do not know how anyone can justify them.

Mr. President, I shall have printed in the RECORD later a whole series of tabulations to implement the remarks I have been making here.

Mr. President, the tabulations include, country by country and region by region, the loans that have been made in total by all our so-called assistance agencies since June 5, 1947, or a date rather close to that date. They also include the commitments we made and the World War I

loan. They include the figures, broken down by country, that were submitted to Congress, ostensibly for loan purposes, but which finally turned out to be grants rather than loans.

That becomes rather important because we have worked year in and year out in the hope that we would get this program on a loan rather than a grant basis.

As a result, we want the figures to speak for themselves. I think I should permit the committee members to have the benefit of the total right now.

Mr. President, I want to be sure this caption is correct, because if for any reason in discussing some of these items with the press yesterday after our policy meeting, they got an inaccurate idea, it could have been my own feeble and inadequate way of making it clear to them. Perhaps they misunderstood. However, it reads as follows:

Figures reported to the Congress by AID as loans when in fact they are grants.

The amount is in millions, and if \$10,178.7 means anything in my book, it means that they have submitted figures to us to show what they were asking for in loans, when in fact they became grants, to the tune of \$10,178,700,000. I have checked with the staff and that figure is correct.

Probably 30 or 35 countries, and perhaps more, are involved here. I need not encumber the RECORD with the names except to have the tabulations printed and let them speak for themselves.

Other tabulations here indicate these totals, but I want to be sure that these figures will stand up against any criticism.

Mr. President, we went to the trouble of getting everything we could from the General Accounting Office by way of reports.

Many of these reports were highly critical, and may I say in that connection that we have been very careful not to include any classified material, so that this can be used anywhere, any time, any place.

I ask unanimous consent that the reports with the subheads on these reports that are tabulated here be printed at this point in the RECORD.

There being no objection, the subheads were ordered to be printed in the RECORD, as follows:

<i>A Résumé of U.S. Foreign Assistance Programs</i>	
	<i>Millions</i>
Total assistance to countries.....	\$117,019.1
World War I debt.....	14,408.4
Grand total.....	131,427.5

Summary as of June 30, 1965

[U.S. fiscal years; in millions of dollars]

	Total, 1946-65	Principal repayments	Interest collected	Principal outstanding	Interest due and unpaid	Principal and interest due and unpaid
Loans:						
AID and predecessor agencies	9,880.6	898.3	860.7	8,982.3		
Food for peace	5,720.1	156.4	289.6	5,563.7		
Export-Import Bank long-term loans	9,015.2	4,084.4	1,759.3	4,930.8		
Other U.S. economic programs ¹	7,635.9	2,761.1	1,341.9	4,874.8		
Military assistance	555.6	295.1	6.8	260.5		
Total loans	32,807.4	8,195.3	4,258.3	24,612.1		
Grants:						
AID and predecessor agencies	30,149.2					
Food for peace	7,505.5					
Other U.S. economic programs	11,536.5					
Military assistance	34,091.3					
Total grants	83,282.5	8,195.3	4,258.3	24,612.1		

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices. 1,954.4
 World War I debt, June 30, 1965, principal and interest due and unpaid 14,408.4

¹ Includes Social Progress Trust Fund.

NOTE.—Sino-Soviet bloc assistance cumulative through 1965, \$6,176,000,000.

U.S. contributions to international agencies 1946-66

[In billions of dollars]

	U.S. expendi- tures and commitments	Callable capital and future U.S. commitments to international agencies	Total U.S. foreign economic obligations
World Bank (IBRD)	¹ 0.635	² 5.715	6.350
International Development Association (IDA)	³ .632		
International finance	⁴ .035		
Inter-American Development Bank (IADB)	⁵ 1.050	⁶ .612	1.662
Asian Development Bank (ADB)	⁷ .020	⁸ .180	.200
International Monetary Fund (IMF)	⁹ 5.160		
Peace Corps	¹⁰ .480		
Grand total	8.012	6.507	14.519

¹ Capital subscriptions to international organizations are subtracted from the total because these are listed separately in the table.² World Bank/IDA Report, fiscal year 1965, p. 26—\$5,715,000,000 represents the U.S. subscription to the callable capital of the World Bank. This subscription is callable proportionately in the event of default on IBRD bonds resulting from the failure or inability of borrowers to repay. It is this backing which permits flotation of IBRD bonds in United States and other capital markets with triple A status. The World Bank as of fiscal year 1965, has sold \$1,183,000,000 of its bonds, net of redemptions, in the U.S. market.³ World Bank and IDA Annual Report 1964-65, p. 41.⁴ With the appropriation of \$250,000,000 requested for fiscal year 1967, the total U.S. contributions to the fund for special operations of the IADB—the “soft” loan window of the Bank—will be \$900,000,000; \$75,000,000 of the U.S. commitment of \$150,000,000 to paid-in capital has been paid in; the remaining \$75,000,000 was paid to the IADB in the form of non-interest-bearing Treasury notes. None of these notes has been encashed as of Oct. 1, 1965. See “The United States Balance of Payments; An Appraisal

of U.S. Economic Strategy,” published June 13, 1966, by the International Economic Policy Association, pp. 116-118.

⁵ \$612,000,000 represents the U.S. subscription to the callable capital of the Inter-American Development Bank. This subscription is callable proportionately in the event of default on IADB bonds resulting from the failure or inability of borrowers to repay. It is this backing which permits flotation of IADB bonds in U.S. and other capital markets with triple A status. See Six Annual Report of IADB, p. 35.⁷ Asian Development Bank message of the President—Jan. 18, 1966—\$20,000,000 is the 1st of 5 installments.⁸ See footnote “7”; \$100,000,000 represents the U.S. subscription to the callable capital of the Asian Development Bank (ADB). The other \$80,000,000 difference represents the U.S. commitment to paid-in capital of the ADB over the next 4 years (fiscal years 1968-71).⁹ International Financial Statistics of the IMF—July issue—p. 3.¹⁰ Includes 1967 appropriation request of \$110,000,000; fiscal years 1962-66 appropriation figures obtained from the House Appropriations Committee.

Figures reported to the Congress by AID as loans when in fact they are grants

[In millions]

Greece	\$440.1
Nepal	37.8
Iran	4.6
Pakistan	74.6
Turkey	5.4
India	6.9
Brazil	17.5
Colombia	15.8
Haiti	2.7
Honduras	8.1
Mexico	99.4
Uruguay	2.0
Peru	14.5
China	406.8
Ecuador	10.5

Figures reported to the Congress by AID as loans when in fact they are grants—Con.

[In millions]

Indonesia	\$4.8
Japan	1,694.9
Korea	834.4
Philippines	756.5
Ryukyu Islands	255.6
Thailand	5.7
Austria	316.4
Belgium	1.1
Czechoslovakia	183.4
Finland	1.8
France	314.7
Germany	1,411.5
Hungary	2.4
Italy	961.7

Figures reported to the Congress by AID as loans when in fact they are grants—Con.

[In millions]

Netherlands	\$1.9
Norway	.8
Poland	364.0
United Kingdom	8.4
Sweden	.5
Liberia	8.0
Nigeria	13.8
Ethiopia	10.0
Australia	.2
Pacific Trust Territory	106.2
Latin America regional	2.9
Nonregional	1,769.8
Total	10,178.7

Subscriptions to international organizations
[U.S. fiscal years, millions of dollars]

	Total 1946-65
U.N. technical assistance.....	402.1
U.N. Relief Works Agency.....	288.5
U.N. Children's Fund.....	147.5
Indus Basin Development Fund.....	111.1
U.N. Emergency Forces.....	24.8
Malaria Eradication (WHO).....	17.5
North Atlantic Treaty Organization.....	13.4
U.N. for Congo-Technical Assistance.....	16.9
U.N. Peace Keeping, Cyprus.....	14.6
International Atomic Energy Agency.....	4.4
FAO world food program.....	5.0
Medical research (WHO).....	2.5
Community water supply (WHO).....	.9
Other.....	.1

Total..... 1,451.5

Other U.S. economic programs
[U.S. fiscal years, millions of dollars]

	Total 1946-65
U.N. headquarters loan and bond issue.....	141.3
UNRRA grant and miscellaneous expenses.....	377.2
International Refugee Organiza- tion.....	237.0
International Children's Emergency Fund.....	80.8
Migration and refugee assistance.....	36.1
Intergovernmental Committee on Refugees.....	3.7
Peace Corps.....	44.4
Civilian supplies.....	5,315.0
British loan.....	3,750.0
United Nations Relief and Rehabil- itation Administration, Post- UNRRA and Interim Aid.....	3,442.0
Surplus property credits.....	1,492.0
Philippine rehabilitation.....	634.0
Civilian relief in Korea.....	420.0
Peace Corps.....	246.0
International Refugee Organiza- tion.....	237.0
India wheat loan.....	190.0
United Nations loans.....	141.0
Inter-American and related high- ways.....	134.0
Greek-Turkish aid.....	122.0
Korean aid program.....	122.0
Development and support (trust territories).....	98.0
Foot and mouth disease eradica- tion.....	94.0
UNICEF (U.N. Children's Fund).....	81.0
Philippine War damage claims.....	73.0
Pakistan wheat.....	67.0
Lend-lease (including silver).....	61.0
Reconstruction Finance Corpora- tion.....	60.0
European Atomic Energy Commis- sion.....	56.0
Institute of Inter-American Affairs and other Technical Assistance (non-AID).....	52.0
Yugoslav emergency relief.....	38.0
Philippine funding (Treasury De- partment).....	38.0
Migration and refugee assistance.....	36.0
Libyan special purpose funds.....	33.0
Administrative area development.....	19.0
Berlin investment fund.....	13.0
Other.....	70.0

Total..... 18,054.5

*World War I debt, principal and interest due
and unpaid, June 30, 1965*

Armenia.....	\$39,350,997
Austria.....	23,376,661
Belgium.....	457,219,078
Czechoslovakia.....	177,612,052
Estonia.....	26,237,301
Finland.....	5,071,000
France.....	4,688,478,840
Great Britain.....	6,837,659,302
Greece.....	36,840,335

*World War I debt, principal and interest due
and unpaid, June 30, 1965—Continued*

Hungary.....	\$2,893,071
Italy.....	1,005,083,409
Latvia.....	10,807,540
Lithuania.....	9,636,136
Poland.....	325,541,224
Rumania.....	77,133,611
Russia.....	640,680,535
Yugoslavia.....	44,734,469
Total.....	14,408,355,560

*Total assistance, by country, from June 30,
1946, through June 30, 1965, including
agricultural commodity exports under bar-
ter contracts*

[In millions]

NEAR EAST AND SOUTH ASIA

Afghanistan.....	\$307.1
Ceylon.....	92.2
Cyprus.....	20.9
Greece.....	3,685.8
India.....	5,941.5
Iran.....	1,550.3
Iraq.....	102.6
Israel.....	1,133.1
Jordan.....	512.3
Lebanon.....	93.0
Nepal.....	86.1
Pakistan.....	2,944.9
Saudi Arabia.....	136.9
Syrian Arab Republic.....	84.0
Turkey.....	3,752.4
United Arab Republic (Egypt).....	1,100.3
Yemen.....	39.1
Central Treaty Organization.....	52.4
Near East and south Asia regional.....	1,119.5

Near East and south Asia
total.....

22,754.4

LATIN AMERICA

Argentina.....	712.9
Bolivia.....	435.9
Brazil.....	2,871.5
British Guiana.....	17.1
British Honduras.....	3.8
Chile.....	1,130.3
Colombia.....	734.7
Costa Rica.....	136.3
Cuba.....	57.6
Dominican Republic.....	207.9
Ecuador.....	248.8
El Salvador.....	99.9
Guatemala.....	210.7
Haiti.....	110.6
Honduras.....	74.8
Jamaica.....	40.3
Mexico.....	1,055.1
Nicaragua.....	112.0
Panama.....	159.8
Paraguay.....	90.2
Peru.....	675.2
Surinam.....	5.0
Trinidad and Tobago.....	43.3
Uruguay.....	112.6
Venezuela.....	388.1
Other West Indies.....	3.3
ROCAP.....	84.1
Latin American regional.....	740.1
Latin American total.....	10,561.7

FAR EAST

Burma.....	114.6
Cambodia.....	343.1
China.....	4,778.2
Hong Kong.....	55.7
Indochina, undistributed.....	1,535.2
Indonesia.....	875.9
Japan.....	4,138.7
Korea.....	6,315.9
Laos.....	418.6
Malaysia.....	39.1
Philippines.....	1,914.8
Ryukyu Islands.....	325.7
Thailand.....	442.8
Vietnam.....	2,383.7
Far East regional.....	2,723.9
Far East total.....	26,405.9

*Total assistance, by country, from June 30,
1946, through June 30, 1965, including
agricultural commodity exports under bar-
ter contracts—Continued*

[In millions]

AFRICA

Algeria.....	\$163.7
Burundi.....	72.4
Cameroon.....	25.1
Central African Republic.....	2.8
Chad.....	4.2
Congo (Brazzaville).....	2.4
Congo (Leopoldville).....	317.4
Dahomey.....	8.7
Ethiopia.....	247.6
Gabon.....	4.8
Gambia.....	.1
Ghana.....	170.4
Guinea.....	70.2
Ivory Coast.....	26.0
Kenya.....	36.4
Liberia.....	237.0
Libya.....	217.3
Malagasy Republic.....	7.9
Malawi.....	8.7
Mali.....	15.8
Mauritania.....	2.8
Morocco.....	529.4
Niger.....	8.8
Nigeria.....	163.7
Rwanda.....	1.7
Senegal.....	25.0
Sierra Leone.....	27.2
Somali Republic.....	47.6
Republic of South Africa.....	167.4
Southern Rhodesia.....	7.1
Sudan.....	91.5
Tanzania.....	44.0
Togo.....	9.9
Tunisia.....	470.3
Uganda.....	17.3
Upper Volta.....	5.5
Zambia.....	30.2
East Africa regional.....	11.2
Regional USAID/Africa.....	1.0
Africa regional.....	54.1

Africa total..... 3,354.6

EUROPE

Albania.....	20.4
Austria.....	1,257.1
Belgium-Luxembourg.....	2,107.3
Czechoslovakia.....	193.0
Denmark.....	933.7
East Germany.....	0.8
Finland.....	146.7
France.....	9,465.1
Germany (Federal Republic).....	5,149.0
Berlin.....	131.0
Hungary.....	31.5
Iceland.....	76.4
Ireland.....	195.9
Italy.....	6,089.4
Netherlands.....	2,617.7
Norway.....	1,283.4
Poland.....	573.6
Portugal.....	531.1
Spain.....	1,908.7
Sweden.....	125.7
United Kingdom.....	9,269.8
U.S.S.R.....	186.4
Yugoslavia.....	2,761.4
Europe regional.....	2,796.5

Europe total..... 47,852.0

Canada.....	40.0
Australia.....	142.6
New Zealand.....	21.5
Trust Territory of Pacific Islands.....	107.4
Nonregional total.....	5,779.0

Total..... 6,090.5

Total assistance to all coun-
tries..... 117,019.1

Balances of foreign currencies acquired by the U.S. Government without payment of dollars, as of Dec. 31, 1965

[In millions of dollars equivalents]

	Available for U.S. use	Available for country use	Balance on hand
Excess currency countries:			
India.....	586.2	732.0	1,318.2
Poland.....	492.8		492.8
United Arab Republic (Egypt).....	121.3	139.9	261.2
Pakistan.....	125.4	124.9	250.3
Yugoslavia.....	41.7	90.9	132.6
Israel.....	25.9	29.4	55.3
Burma.....	23.7	15.3	39.0
Guinea.....	4.5	19.6	24.1
Tunisia.....	6.7	15.4	22.1
Ceylon.....	2.1	12.8	14.9
Total excess currencies	1,430.3	1,180.2	2,610.5
Near-excess countries (11 countries), total.....	25.8	108.9	133.1
Nonexcess currencies (67 countries), total.....	40.3	132.4	133.7
Grand total (all currencies)	1,496.4	1,421.5	2,877.3

¹ Total balance on hand for near-excess and nonexcess countries is less than the sum of the available use columns because of advances made of unfunded currencies which are still kept on the books as available for U.S. use.

Source: Treasury Department Fiscal Service, Bureau of Accounts, C.Q.

U.S. contributions to multilateral programs

[In thousands of dollars]

	Fiscal year 1965 actual	Fiscal year 1966 estimated	Fiscal year 1967 proposed
U.N. development program.....	\$60,000	\$65,000	\$70,000
U.N. Children's Fund.....	12,000	12,000	12,000
Indus Basin Development Fund.....	32,836	30,684	33,000
U.N. technical and operational assistance to the Congo.....	5,000	5,000	5,000
International Atomic Energy Agency operational program.....	1,000	1,000	1,000
U.N. Food and Agriculture Organization world food program.....	1,362	2,000	2,000
International Secretariat for Volunteer Service.....	22	50	65
U.N. peacekeeping operations:			
U.N. emergency force (Near East).....	850	1,456	6,838
U.N. force in Cyprus.....	15,248	9,060	
U.N. Relief and Works Agency.....	16,000	14,000	14,000
U.N. Institute for Training and Research.....		400	500
World Health Organization medical research.....		75	150
U.N. education and training program for South Africans.....	75		
Total	134,393	140,725	144,553

¹ In addition, \$5,952,000 funded from Contingency Fund.

² Total pledge, including surplus agricultural commodities: Fiscal year 1965, \$23,500,000; fiscal year 1966, \$22,900,000; fiscal year 1967, \$22,900,000.

National debt as of:	Billion
June 30, 1947.....	\$258.4
June 30, 1965.....	317.9
June 30, 1966.....	320.4
Total U.S. gold stock (per Federal Reserve Board):	
June 30, 1947.....	\$21,266,000,000
June 30, 1965.....	13,934,000,000
May 31, 1966 (preliminary).....	13,582,000,000

(The above figures include Treasury holdings, also stabilization fund holdings which vary from month to month.)

Gold owned as of June 30, 1966..... \$13,433,471,708.37

(From Treasury Daily—does not include gold in stabilization fund as there is a delay of a month in reporting this.)

Agency for International Development—Summary of delinquent loan installments by loan program, as of Dec. 31, 1965

Loan programs	Amounts delinquent			Outstanding principal on delinquent loans
	Interest	Principal	Total	
Aid loans from dollar appropriations:				
New development loan fund.....	\$10,093.62	0	\$10,093.62	\$3,704,920.48
Alliance for Progress Fund.....	136,540.15	0	136,540.15	40,214,419.44
Other AID loans.....	951,585.38	\$259,598.76	1,211,184.14	15,850,257.44
Subtotal for AID	1,098,219.15	259,598.76	1,357,817.91	59,769,597.36
DLF liquidation account.....	2,897,190.74	5,637,491.90	8,534,682.64	65,004,582.17
Public Law 489 loans:				
Country loans (sec. 104 (d) and (g)).....	147,056.17	19,215.26	166,271.43	57,827,190.18
Cooley loans (sec. 104(e)).....	1,138,999.62	1,087,379.58	2,226,379.20	25,219,525.06
Subtotal for Public Law 489	1,286,055.79	1,106,594.84	2,392,650.63	83,046,715.24
Predecessor agencies (excluding DLF):				
Regular programs.....	1,036,689.01	304,036.92	1,340,725.93	61,262,809.66
Basic material programs.....	0	0	0	0
Subtotal for predecessor agencies	1,036,689.01	304,036.92	1,340,725.93	61,262,809.66
Grand total	6,318,154.69	7,307,722.42	13,625,877.11	269,083,704.43

Defaults on loans of Export-Import Bank and international lending agencies

Agency and date of information	Principal amount in default ¹	Interest in default ¹
International Bank for Reconstruction and Development, June 30, 1966.....	0	0
International Development Association, June 30, 1966.....	0	0
International Finance Corp., June 30, 1966:		
Colombia.....	3,000	(?)
Greece.....	30,000	15,900
Peru.....	318,600	33,000
Inter-American Development Bank, ² June 30 1966: Brazil.....	⁴ 325,225	(?)
Export-Import Bank, ³ Mar. 31, 1966:		
Bolivia.....	17,974,000	9,597,000
Cuba.....	12,040,000	11,493,000
Argentina.....	3,159,000	
Costa Rica.....	1,429,000	58,000
Nigeria.....		
Chile.....		
Colombia.....		
Peru.....		
Uruguay.....		
Iran.....		

¹ Excludes funds in transit and similar temporary remittance delays.² Not available.³ Defaults 30 days or more.⁴ Dollar loans only.⁵ Direct loans held by Eximbank.⁶ Defaults 90 days or more.

Economic assistance, fiscal year 1967; request for new authorizations and appropriations

[In millions of dollars]

	Authorization		Comparable fiscal year 1966 appropriations ¹	Fiscal year 1967 appropriations requested
	Authorization ceiling	Length		
Development loans.....	1,250	5 years	618.2	665.4
Technical cooperation.....	(?)	do.	202.4	231.3
Alliance for Progress:				
Development loans.....	750	do.	435.1	455.3
Technical cooperation.....	100	do.	75.0	87.7
Southeast Asia multilateral and regional program.....	(?)	do.		
Supporting assistance:				
General.....	200	do.	684.2	197.2
Vietnam.....	(?)	do.		
Contingency fund.....	150	do.	² 239.0	70.0
Contributions to international organizations.....	(?)	do.	144.8	140.4
American schools and hospitals abroad.....	(?)	do.	7.0	11.0
Surveys of investment opportunities.....	(?)	do.		
Administrative and other expenses, State.....	(4)	(4)	3.1	3.3
Total.....			2,463.0	2,469.0

¹ Comparable fiscal year 1966 appropriation column includes supplemental request for \$415,000,000; (\$315,000,000 supporting assistance; \$100,000,000 contingency fund).² Such funds as may be necessary.³ Includes \$89,000,000 appropriated in fiscal year 1966 for southeast Asia contingency fund.⁴ No new authorization needed; existing law provides for a permanent authorization for such funds as may be necessary.

Military assistance program

[In millions of dollars]

	1965	1966	1967
Total obligational authority (less Vietnam).....	967.7	1,051.3	1,027.0
Recoupments and reappropriations.....	-140.5	-121.3	-110.0
New obligational authority (less Vietnam).....	827.2	930.0	917.0

NOTE.—The \$917,000,000 for fiscal year 1967 does not include funds for Vietnam, where support will be provided by the Department of Defense appropriations.

OTHER U.S. ECONOMIC PROGRAMS

Civilian Supplies.
 British Loan.
 United Nations Relief & Rehabilitation.
 Surplus Property Credits.
 Philippine Rehabilitation.
 Civilian Relief in Korea.
 Peace Corps.
 International Refugee Organization.
 India Wheat Loan.
 United Nations Loans.
 Inter-American & Related Highways.
 Greek-Turkish Aid.

Korean Aid Program.
 Development & Support (Trust Territories).
 Foot and Mouth Disease Eradication.
 UNICEF (UN Children's Fund).
 Philippine War Damage Claims.
 Pakistan Wheat.
 Lend-Lease (Including Silver).
 Reconstruction Finance Corporation.
 European Atomic Energy Commission.
 Institute of Inter-American Affairs and
 Other Technical Assistance.
 Yugoslav Emergency Relief.

Philippine Funding (Treasury Department).

Migration & Refugee Assistance.
 Libyan Special Purpose Fund.
 Administrative Area Development.
 Berlin Investment Fund.

NEAR EAST & SOUTH ASIA

Afghanistan, Ceylon, Cyprus, Greece, India, Iran, Iraq, Israel, Jordan, Lebanon, Nepal, Pakistan, Saudi Arabia, Syrian Arab Republic, Turkey, United Arab Republic (Egypt), Yemen, Central Treaty Organization, Near East and South Asia regional.

Near East and south Asia—Total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	4,625.1	192.6	232.2	4,432.5
Food for peace	3,370.8	22.4	169.8	3,348.4
Export-Import Bank long-term loans	987.4	323.1	157.0	664.3
Other U.S. economic programs	383.0	156.9	57.3	233.0
Military assistance	118.5	56.9	0.2	61.6
Total loans	9,484.8	751.9	616.5	8,739.8
GRANTS				
AID and predecessor agencies	4,478.1			
Food for peace	2,940.4			
Other U.S. economic programs	538.7			
Military assistance	6,145.9			
Total grants	14,103.1	751.9	616.5	8,739.8

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$194

Fiscal year 1967 program..... 799

Sino-Soviet bloc assistance cumulative through 1965..... 4,651

¹ This figure includes a total of \$323,000 to Aden, Bahrain, Kuwait, Mauritius and Qatar.

Afghanistan

[U.S. fiscal years; millions of dollars]

[Population in 1965, 14,200,000; area, 254,000 square miles; GNP per capita, \$85]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	24.8	0.3	1.8	24.5
Food for peace: Loans to governments	.6			.6
Export-Import Bank long-term loans	39.3	7.4	16.9	31.9
Total loans	64.7	7.7	18.7	57.0
GRANTS				
AID and predecessor agencies	153.6			
Food for peace:				
Emergency relief and economic development	82.0			
Voluntary relief agencies	1.4			
Other U.S. economic programs	2.3			
Military assistance	3.1			
Total grants	242.4	7.7	18.7	57.0

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$8,000

Sino-Soviet bloc assistance cumulative through 1965..... 587,000,000

Fiscal year 1967 program under Public Law 480, title II..... 30,600,000

NOTE.—Other assistance classified.

Ceylon

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,800,000; area, 25,000 square miles; GNP per capita, \$144]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	5.7	0.9	0.9	4.8
Food for peace:				
Loans to private industry	5.3			
Loans to governments	11.1			
Subtotal	16.4		0.8	16.4
Total loans	22.1	0.9	1.7	21.2
GRANTS				
AID and predecessor agencies	16.3			
Food for peace:				
Grants for economic development	5.3			
Emergency relief and economic development	10.0			
Voluntary relief agencies	36.7			
Other U.S. economic programs	0.5			
Total grants	68.8	0.9	1.7	21.2

Ceylon—Continued

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$1.3

Sino-Soviet bloc assistance cumulative through 1965..... 124.0

Fiscal year 1966 program:

Under Public Law 480, title I..... 4.2

Contingency fund loan..... 7.5

Subtotal..... **11.7**

Fiscal year 1967 program under Public Law 480, title I..... **10.0**

NOTE.—1967 lending will depend on Government's performance in financial affairs in fiscal year 1966.

Cyprus

[U.S. fiscal years; millions of dollars]

[Population in 1965, 600,000; area, 4,000 square miles; GNP per capita (estimated) \$555]

	Total, 1961-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
Food for peace:				
Loans to private industry	0.6			0.6
Loans to governments	1.1			1.1
Total loans	1.7			1.7
GRANTS				
AID and predecessor agencies	1.5			
Food for peace:				
Emergency relief and economic development	15.0			
Voluntary relief agencies	.6			
Other U.S. economic programs	.3			
Total grants	17.4			1.7

Millions

Agricultural Commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$1.8

NOTE.—Fiscal year 1966 assistance estimated at \$200,000; fiscal year 1967 assistance proposed at \$200,000.

Greece

[U.S. fiscal years; millions of dollars]

[Population in 1965, 8,400,000; area, 50,000 square miles; GNP per capita, 1962 prices, \$594]

	Total 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	117.4	5.5	11.9	111.9
Food for peace:				
Loans to private industry	12.0			
Loans to governments	56.3			
Dollar credit sales	17.9			
Total, food for peace	86.2	2.7	9.5	83.5
Export-Import Bank: Long-term loans	38.3	7.5	6.9	30.8
Other U.S. economic programs	196.6	86.5	26.4	10.1
Total loans	338.5	102.2	54.7	236.3
GRANTS				
AID and predecessor agencies	962.3			
Food for peace:				
Grants for common defense	10.0			
Grants for economic development	7.3			
Emergency relief and economic development	3.7			
Voluntary relief agencies	128.0			
Other U.S. economic programs	440.1			
Military assistance	1,779.1			
Total grants	3,331.3	102.2	54.7	236.3

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$16

World War I debt, June 30, 1965: Principal and interest due and unpaid..... 37

¹ AID carries this amount as \$536.7; \$440.1 of it is a grant. (See report, p. 10.)

NOTES

GAO's opinion of ineffective and inefficient administration of the training of foreign personnel under the military assistance program for Greece (classified): "Unnecessary training and poor utilization of trained personnel." Date issued June 29, 1965.

GAO's opinion of a review of the military assistance program for Greece (classified): "Various supply management deficiencies." Date issued Feb. 21, 1962.

GAO's opinion of review of the military assistance program for Greece (classified) report to the Secretary of Defense: "Suggestions for improving controls, determining and disposing of excesses, and developing long-range cost estimates." Date issued Sept. 8, 1958.

India

[U.S. fiscal years; millions of dollars]

[Population in 1965, 490,000,000; area 1,260,000 square miles; GNP per capita, \$85]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	2,101.0	88.5	9.20	2,012.5
Food for peace:				
Loans to private industry	202.6			
Loans to governments	1,505.6			
Total	1,708.2	5.0	70.1	1,703.2
Export-Import Bank: long-term loans	406.4	30.0	41.0	376.4
Other U.S. economic programs	² 230.1	38.2	28.3	191.9
Total loans	4,445.7	161.7	231.4	4,284.0
GRANTS				
AID and predecessor agencies	384.7			
Food for peace:				
Grants for economic development	788.2			
Emergency relief and economic development	21.9			
Voluntary relief agencies	220.0			
Assistance from other country agreements	6.1			
Other U.S. economic programs	6.9			
Total grants	1,436.8	161.7	231.4	4,284.0

¹ Excludes \$20.2 million loan in fiscal year 1959 financed under Asian Economic Development Fund.² AID carries this figure as \$237, \$6.9 of it is a grant.

Agricultural commodity exports under barter contracts from July 1, 1954 through Dec. 31, 1965, at export market prices		Million	\$59.0
Fiscal year 1966 program, technical cooperation			12.5
In early 1966 a loan was authorized for purchase of raw materials and spare parts essential to economic development			100.0
In December 1965 a loan was negotiated for fertilizer			50.0
In May 1966 an agreement was made (after Mrs. Ghandi's visit) for food under Public Law 480			313.5
Total			476.0
Fiscal year 1967 program, technical cooperation			12.2

NOTES

Public Law 480 deliveries will be 50 percent greater in 1967 than the average level in recent years, but will be contingent on Indian performance in improving agricultural production.

GAO's opinion of economic and technical assistance program for India, fiscal years 1955-58: "Nonutilization of equipment and need to revise project agreement for a powerplant." Date issued Sept. 14, 1959. Pertinent dollar amounts in millions, \$247.

Sino-Soviet bloc assistance cumulative through 1965, \$1,299 million.

Iran

[U.S. fiscal years; millions of dollars]

[Population in 1965, 23,400,000; area 636,000 square miles; GNP per capita, \$220]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	218.2	37.3	29.2	180.9
Food for peace:				
Loans to private industry	4.7			
Loans to governments	34.1			
Dollar credit sales	11.8			
Total	50.6	4	1.8	50.2
Export-Import Bank: Long-term loans	97.2	45.7	15.6	51.5
Other U.S. economic programs	¹ 25.8	2.4		23.4
Total loans	391.8	85.8	46.6	306.0
GRANTS				
AID and predecessor agencies	378.7			
Food for peace:				
Grants for common defense	5.9			
Emergency relief and economic development	37.3			
Voluntary relief agencies	19.0			
Other U.S. economic programs	4.6			
Military assistance	712.2			
Total grants	1,157.7	85.8	46.6	306.0

Iran—Continued

¹ AID carries this amount as \$30,400,000; \$4,600,000 of it is a grant.

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices		Millions	\$0.8
Sino-Soviet bloc assistance cumulative through 1965			\$376.0
Fiscal year 1966 program:			
Technical assistance			2.4
Food-Public Law 480, title IV			7.5
Total			9.9
Fiscal year 1967 program:			
Technical assistance			1.4
Food-Public Law 480, title IV			7.5
Total			8.9

NOTES

Other assistance classified.

Excerpt from book entitled "Foreign Assistance Act of 1966—Objectives and Proposed Fiscal Year 1967 Program": "Iran's oil revenues, now exceed \$500,000,000 a year compared to \$350,000,000 3 years ago, and it can finance foreign loans at conventional interest rates."

Excerpt from book entitled "Proposed Economic Assistance Programs, Fiscal Year 1967": "Rising oil revenues, exceeding \$500,000,000 this year (compared with \$350,000,000 4 years ago), are now financing the development program. Government expenditures for development average \$250,000,000 annually."

GAO's opinion of unnecessary dollar grants to Iran under the foreign assistance program (classified report): "Grants used by Iran to procure wheat, valued at \$12,500,000, from Australia whereas surplus wheat was available in the United States." Date issued, Feb. 26, 1965. Pertinent dollar amounts, \$39,000,000.

GAO's opinion of economic and technical assistance program for Iran, fiscal years 1956-60: "Improvements needed in various administrative practices and procedures of U.S. agencies." Date issued, June 27, 1961. Pertinent dollar amounts, \$169,000,000.

GAO's opinion of administration of U.S. assistance program for Iran, fiscal years 1952-55: "Recommends consolidation of common support functions of the Embassy and the mission, and that counterpart withdrawals be subject to prior approval by the mission." Date issued, Mar. 15, 1956. Pertinent dollar amounts, \$205,000,000.

GAO's opinion of review of the military assistance training program for Iran (classified report to the Secretary of Defense): "Lack of in-country training, insufficient personnel trained, nonutilization of trained personnel, and unnecessary transportation costs to the United States." Date issued, Dec. 10, 1965.

GAO's opinion of inadequate consideration given to utilizing reserve fleet ships in lieu of providing new ships to Iran under the military assistance program (classified): "Reluctancy of responsible officials to ask for congressional approval and use of unrealistic cost data." Date issued, Feb. 3, 1965.

GAO's opinion of inadequate administration of military budget support funds provided to Iran under foreign assistance program (classified): Date issued, July 30, 1963.

GAO's opinion of ineffective maintenance and utilization of equipment furnished under MAP (classified): "Lack of U.S. assistance to overcome maintenance and utilization problems." Date issued, July 16, 1963.

GAO's opinion of review of the military assistance program for Iran (classified): "Suggesting the development of usage standards and the use of end item utilization inspections, the suspension of deliveries pending a study of requirements, and better controls over disposal activities." Date issued, Jan. 9, 1959.

GAO's opinion of waste of funds in construction of Shahabad Depot in Iran under the military assistance program (classified): "Iranian Army neither needed nor wanted depot from the start, resulting in negligible use and present plans for dismantling." Date issued, Mar. 22, 1965.

Iraq

[U.S. fiscal years; millions of dollars]

[Population in 1964, 7,000,000; area, 173,000 square miles; GNP per capita, \$255]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Food for peace: Dollar credit sales	14.8	0.9	0.1	13.9
Export-Import Bank long term loans	7.6			7.6
Other U.S. economic programs	0.9	0.9		
Total loans	23.3	1.8	0.1	21.5
GRANTS				
AID and predecessor agencies	19.0			
Food for peace:				
Emergency relief and economic development	6.0			
Voluntary relief agencies	4.3			
Military assistance	46.4			
Total grants	75.7	1.8	0.1	21.5

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices		Millions	\$3.6
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Israel

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,600,000; area, 8,000 square miles; GNP per capita, \$1,257]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	226.0	10.8	19.2	215.2
Food for peace:				
Loans to private industry	48.1			
Loans to governments	179.9			
Assistance from other country sales agreements	2.5			
Total	230.5	6.1	27.7	224.4
Export-Import Bank long-term loans	221.0	145.6	56.3	75.4
Military assistance	27.6	7.2	.1	20.4
Total loans	705.1	169.7	103.3	535.4
GRANTS				
AID and predecessor agencies	278.0			
Food for peace:				
Grants for economic development	32.2			
Emergency relief and economic development	1.5			
Voluntary relief agencies	56.5			
Other U.S. economic programs	.1			
Total grants	368.3	169.7	103.3	535.4

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$59.7

NOTE.—GAO's opinion of administration of U.S. assistance program for Israel, fiscal years 1952-55: "Reporting action taken by agency to correct earlier program deficiencies." Date issued Sept. 20, 1956. Pertinent dollar amounts in millions, 233.2.

Jordan

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,900,000; area, 37,000 square miles; GNP per capita, \$240]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	4.1	1.7	0.4	2.4
Export-Import Bank: Long-term loans	1.6		.2	1.6
Total loans	6.7	1.7	.6	4.0
GRANTS				
AID and predecessor agencies	389.8			
Food for peace:				
Grants for economic development	.8			
Emergency relief and economic development	58.5			
Voluntary relief agencies	17.5			
Other U.S. economic programs	1.3			
Military assistance	37.0			
Total grants	504.9	1.7	.6	4.0

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$1.7

Fiscal year 1966 program:	
Technical cooperation	4
Supporting assistance	32
Total	36
Fiscal year 1967 program:	
Technical cooperation	3.6
Supporting assistance	30.0
Total	33.6

NOTE.—Other assistance for fiscal years 1966 and 1967 is classified.

Lebanon

[Population in 1965, 2,500,000; area, 4,000 square miles; GNP per capita, \$392]

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	5.4	0.9	0.5	4.5
Export-Import Bank long-term loans	2.4	.4	.5	2.0
Other U.S. economic programs	1.8	1.6	.1	.2
Total loans	9.6	2.9	1.1	6.7
GRANTS				
AID and predecessor agencies	52.6			
Food for peace: Emergency relief and economic development	17.5			
Military assistance	8.7			
Total grants	78.8	2.9	1.1	6.7

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$4.6

NOTE.—GAO's opinion of administration of U.S. assistance program for Lebanon, fiscal years 1952-55: "Discloses need for improvements in various administrative practices and procedures, and questions desirability of employing American University of Beirut." Date issued July 7, 1956. Pertinent amounts, \$21,400,000.

Nepal

[U.S. fiscal years; millions of dollars]

[Population in 1965, 10,100,000; area 54,000 square miles; GNP per capita \$70]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	2.4			2.4
Food for peace: Assistance from other country sales agreements	1.0		0.1	1.0
Total loans	3.4		.1	3.4
GRANTS				
AID and predecessor agencies	36.9			
Food for peace:				
Assistance from other country sales agreements	37.8			
Emergency relief and economic development	5.4			
Other U.S. economic programs	2.6			
Total grants	82.7		.1	3.4

¹ AID carries this amount as \$38.8, \$37.8 of it is a grant.

Sino-Soviet bloc assistance cumulative through 1965	\$60.0
Fiscal Year 1966 program:	
Technical cooperation	3.6
Food, Public Law 480	10.0
Total	13.6
Fiscal year 1967 program:	
Technical cooperation	3.4
Food, Public Law 480	8.0
Total	11.4

Millions

Pakistan

[U.S. fiscal years; millions of dollars]

[Population in 1965, 13,300,000; area, 365,000 square miles; GNP per capita, \$85]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	1,091.7	34.0	44.8	1,057.7
Food for peace:				
Loans to private industry	51.3			
Loans to governments	255.6			
Total loans	306.9	1.4	24.7	305.5
Export-Import Bank: Long-term loans	35.7	6.6	2.6	29.1
Other U.S. economic programs	1.1	.1		
Total loans	1,434.4	42.1	72.1	1,392.3
GRANTS				
AID and predecessor agencies	638.2			
Food for peace:				
Grants for common defense	79.3			
Grants for economic development	551.9			
Emergency relief and economic development	107.5			
Voluntary relief agencies	51.2			
Other U.S. economic programs	74.6			
Military assistance ²	7.8			
Total grants	1,510.5	42.1	72.1	1,392.3

NOTE.—Sino-Soviet bloc assistance cumulative through 1965, \$182,000,000.

¹ AID carries this amount as 74.7; 74.6 of it is a grant.² Military assistance is classified with exception of \$7,800,000 which is essentially a transfer on an indeterminate basis.

NOTES

Project loans totaling \$39,200,000 which were recently released were authorized in fiscal year 1965.

Fiscal year 1966 program, technical cooperation, \$7,800,000.

Fiscal year 1967 program, technical cooperation, \$9,100,000.

Fiscal year 1967 program contingent on relations between United States and Pakistan. Agricultural commodity exports under barter contracts from July 1, 1954, through December 31, 1965, at export market prices, \$56,000.

GAO's opinion of review of the mutual security program presentation to the Congress for fiscal year 1961 for economic assistance to Korea, Pakistan, and Vietnam: "Suggestions for revealing more meaningful data in budget presentations." Date issued Mar. 29, 1961.

GAO's opinion of economic and technical assistance program for Pakistan, fiscal years 1955-57: "Need to adjust aid program to more realistic levels and to determine causes of unclaimed commodity imports." Date issued Mar. 31, 1959. Pertinent dollar amounts, \$307,500,000.

GAO's opinion of administration of U.S. assistance program for Pakistan, fiscal years 1952-54: "Need to evaluate status of lagging projects, improve program planning, and improve procurement and contracting policies and practices." Date issued Dec. 27, 1955. Pertinent dollar amounts, \$45,500,000.

GAO's opinion of review of the military assistance program for Pakistan (classified): "Suggesting the development of usage standards and the use of end-item utilization inspections, the consideration of existing country assets, and the country's disposal practices, and the development of long-range cost estimates." Date issued Jan. 12, 1960.

GAO's opinion of review of the military assistance program to Pakistan, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified). Date issued Aug. 30, 1957.

GAO's opinion of excessive ocean transportation costs incurred under title I, Agricultural Trade Development and Assistance Act of 1954: "A disproportionate percentage of shipments made at U.S. expense were routed to high-rate ports in East Pakistan, whereas most of the shipments made at Pakistan's expense were routed to lower-rate ports in West Pakistan." Date issued Oct. 30, 1964. Pertinent dollar amounts, \$850,000.

GAO's opinion of inadequate administration of military budget support funds provided to Pakistan under the foreign assistance program (classified). (Additional details are classified.) Date issued Sept. 25, 1963.

Saudi Arabia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 8,000,000; area 870,000 square miles; GNP per capita, \$190]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank: Long-term loans	14.8	14.8	3.2	
Other U.S. economic programs	4.4	4.3		0.1
Military assistance	56.4	48.7	.1	7.7
Total loans	75.6	67.8	3.3	7.8
GRANTS				
AID and predecessor agencies	27.4			
Food for peace: Emergency and economic development	.8			
Military assistance	32.3			
Total grants	60.5	67.8	3.3	7.8

Agricultural commodity exports under barter contracts from July 1, 1954 through Dec. 31, 1965 at export market prices.....\$800,000

Syrian Arab Republic

[U.S. fiscal years; millions of dollars]

[Population in 1965, 5,700,000; area 200,000 square miles; GNP per capita, \$155]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	18.2	0.5	0.3	17.7
Food for peace:				
Loans to private industry	6.6			
Loans to governments	22.8			
Dollar credit sales	1.8			
Total	31.2		.3	31.2
Total loans	49.4	.5	.6	48.9
GRANTS				
AID and predecessor agencies	1.7			
Food for peace:				
Emergency relief and economic development	29.7			
Voluntary relief agencies	2.4			
Total grants	33.8	.5	.6	48.9

NOTE.—No programs for fiscal years 1966-67.

Turkey

[U.S. fiscal years; millions of dollars]

[Population in 1965, 31,000,000; area, 296,000 square miles; GNP per capita, \$245]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	670.4	10.5	25.4	659.9
Food for peace:				
Loans to private industry	68.6			
Loans to governments	194.1			
Total	262.7	5.2	13.8	257.5
Export-Import Bank: Long-term loans	75.3	44.5	6.9	30.8
Other U.S. economic programs	12.2	12.2	2.5	
Total loans	1,020.6	72.4	48.6	948.2
GRANTS				
AID and predecessor agencies	937.6			
Food for peace:				
Grants for common defense	100.9			
Grants for economic development	2.2			
Assistance from other country sales agreements	1.8			
Emergency relief and economic development	31.2			
Voluntary relief agencies	20.4			
Other U.S. economic programs	5.4			
Military assistance	2,635.3			
Total grants	3,734.8	72.4	48.6	948.2

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....\$17.6

¹ AID carries this amount as 17.6; 5.4 of it is a grant.

Sino-Soviet bloc assistance cumulative through 1965, \$218,000,000.

Fiscal year 1966 program (under negotiation): Technical cooperation, \$4,700,000; Food, Public Law 480, \$18,000,000; total, \$22,700,000.

Fiscal year 1967 program, technical cooperation, \$4,400,000.

NOTES

GAO's opinion of examination of economic and technical assistance program for Turkey, fiscal year 1958-62: "Failure to follow an overall plan based on country's resources and highest priority needs." Date issued June 30, 1964. Pertinent dollar amounts, \$1,750,000,000.

GAO's opinion of economic and technical assistance program for Turkey (June 3, 1957): "Improper practices in deposits of local currency sales proceeds and improper obligating procedures." Date issued July 24, 1958.

GAO's opinion of review of the military assistance program in Turkey (classified). Date issued May 31, 1962.

GAO had a similar opinion of the military assistance program for Turkey, January 29, 1960, and August 30, 1957.

GAO's opinion of the review of the administration of the mutual defense assistance program for France and Turkey (classified report to the Assistant Secretary of Defense): "Programming based on unverified data from the countries, plus other classified matters." Date issued June 19, 1956.

United Arab Republic (Egypt)

[U.S. fiscal years; millions of dollars]

[Population in 1965, 29,800,000; area, 386,000 square miles; GNP per capita, \$150]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	103.2	1.0	4.5	102.2
Food for peace:				
Loans to private industry.....	77.7			
Loans to governments.....	582.3			
Total, food for peace.....	660.0	.7	26.1	659.3
Export-Import Bank: Long-term loans.....	47.8	20.6	6.9	27.2
Other U.S. economic programs.....	11.1	10.7		.4
Total loans.....	822.1	33.0	37.5	789.1
GRANTS				
AID and predecessor agencies.....	68.1			
Food for peace:				
Grants for economic development.....	25.0			
Emergency relief and economic de- velopment.....	25.8			
Voluntary relief agencies.....	140.0			
Total grants.....	258.9	33.0	37.5	789.1

Millions

Agricultural commodity exports under barter contracts from July 1, 1954 through Dec. 31, 1965 at export market prices.....	\$19.3
Sino-Soviet bloc assistance cumulative through 1965.....	1,664.0
Fiscal year 1966 program: Technical cooperation.....	2.2
Fiscal year 1967 program: Technical cooperation.....	2.2

NOTES

Other assistance classified.

The new Public Law 480 agreement negotiated in fiscal year 1966 is for 6 months' duration and limited to \$55,000,000, ¼ of which will be title IV payable in dollars.

GAO's opinion of administration of the U.S. assistance program for Egypt, fiscal years 1953-55: "Discloses need for improvements in programming and in administrative practices and procedures." Date issued Apr. 11, 1956. Pertinent dollar amounts in millions, 59.8.

GAO's opinion of displacement of commercial dollar sales of tallow to the United Arab Republic (including a classified supplement): "Title I, Public Law 480 program sales displaced commercial sales of \$5,500,000." Date issued July 20, 1965. Pertinent dollar amounts in millions, 17.073.

GAO's opinion questionable grant of corn to the United Arab Republic under title II, Agricultural Trade Development and Assistance Act of 1954: "Grant based on anticipated need that did not materialize. Much was sold commercially in the United Arab Republic." Date issued, July 16, 1965. Pertinent dollar amounts in millions, 23.7.

GAO's opinion of understatement of claims against the United Arab Republic and Yugoslavia for recovery of excessive ocean transportation costs financed by the Commodity Credit Corporation under title I, Agricultural Trade Development and Assistance Act of 1954. (Title is self-explanatory.) Date issued, Mar. 13, 1964. Pertinent dollar amounts in millions, 0.278.

Yemen

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,000,000; area, 75,000 square miles; GNP per capita, \$90]

	Total, 1959-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	29.0			
Food for peace: Emergency relief and economic development.....	10.1			
Total grants.....	39.1			

Millions

Total economic assistance.....	\$39.1
Sino-Soviet bloc assistance, cumulative through 1965.....	141.0
Fiscal year 1966 program, supporting assistance.....	2.9
Fiscal year 1967 program, supporting assistance.....	2.4

Central Treaty Organization (Cento)

[U.S. fiscal years; millions of dollars]

	Total, 1957-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	18.3			18.3
Total loans.....	18.3			18.3
GRANTS				
AID and predecessor agencies.....	34.1			
Total grants.....	34.1			18.3

NOTES

CENTO projects have been financed by supporting assistance funds. No new AID funds are required for these projects.

GAO's opinion of followup examination on certain aspects of U.S. assistance to the Central Treaty Organization for a rail link between Turkey and Iran: "Loan for equipment known to be unneeded." Date issued Apr. 29, 1965. Pertinent dollar amounts in millions, \$0.643.

GAO's opinion of examination of certain economic development projects for assistance to Central Treaty Organization fiscal years 1957-62: "Defects in the projects and in their administration resulting in a questionable need for over \$8,000,000 of program funds." Date issued Mar. 5, 1964. Pertinent dollar amounts in millions, \$28.7.

Near East and South Asia Regional

[In millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	18.3	0.7	1.3	17.6
Military assistance.....	34.5	1.0		33.5
Total loans.....	52.8	1.7	1.3	51.1
GRANTS				
AID and predecessor agencies.....	68.6			
Food for peace:				
Emergency relief and economic devel- opment.....	103.2			
Voluntary relief agencies.....	11.6			
Military assistance.....	883.2			
Total grants.....	1,066.6	1.7	1.3	51.1

Millions

Fiscal year 1966 program, technical cooperation.....	\$2.5
Fiscal year 1967 program, technical cooperation.....	2.5

LATIN AMERICA

Argentina, Bolivia, Brazil, British Guiana, British Honduras, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Surinam, Trinidad & Tobago, Uruguay, Venezuela, other West Indies, Rocap, Latin America regional.

Latin America, total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
AID and predecessor agencies.....	1,929.5	21.4	33.1	1,908.1
Food for peace.....	686.1	21.0	25.5	665.1
Export-Import Bank long-term loans.....	3,568.6	1,580.6	717.4	1,998.0
Social progress trust fund—Other Economic Programs.....	530.8	54.7	16.1	476.1
Military assistance.....	131.8	54.3	5.1	77.5
Total loans.....	6,846.8	1,732.0	797.2	5,114.8

Latin America, total—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies	1,080.6			
Food for peace	¹ 703.8			
Other U.S. economic programs	925.2			
Military assistance	793.4			
Total grants	3,503.0	1,732.0	797.2	5,114.8

¹ Includes \$6,100,000 made available to American Red Cross in connection with Cuban prisoner exchange.

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	¹ 244.6
Fiscal year 1967 program:	
Supporting assistance	33.0
Alliance for Progress:	
Technical cooperation	95.0
Loans	500.0
Total	628.0

¹ This figure includes assistance to Antigua, Bahamas, Bermuda, Canal Zone, Netherlands Antilles, Virgin Islands, Barbados, British West Africa, Musquat and Oman, Portuguese Guinea, and Puerto Rico.

NOTES

GAO's opinion of additional interest costs to the United States because of premature releases of funds to the Social Progress Trust Fund administered by the Inter-American Development Bank: "The title is self-explanatory. The interest costs identified total as much as \$60,000 annually." Date issued, Sept. 8, 1964.

Sino-Soviet bloc assistance cumulative through 1965, \$303,000,000.

Argentina

[U.S. fiscal years; millions of dollars]

[Population in 1965, 21,700,000; area, 1,084,000 square miles; GNP per capita, \$523]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	137.4	9.6	8.2	127.8
Food for peace: Loans to governments	18.2		0.2	18.2
Export-Import Bank long term loans	¹ 434.7	194.8	102.9	239.9
Social Progress Trust Fund	38.5	0.3	0.1	38.2
Military assistance	5.9	4.5	0.8	1.4
Total loans	634.7	209.2	112.2	425.5
GRANTS				
AID and predecessor agencies	10.3			
Military assistance	62.5			
Total grants	72.8	209.2	112.2	425.5

¹ Excludes refunding of \$72,000,000 in fiscal year 1963.

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$5.1
Sino-Soviet bloc assistance cumulative through 1965	119.0
Fiscal year 1966 program, technical cooperation	1.9
Fiscal year 1967 program, technical cooperation	2.4

NOTE.—AID has not scheduled new loan commitments for fiscal year 1967.

Bolivia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,200,000; area, 424,000 square miles; GNP per capita, \$173]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	73.7	0.7	0.9	73.0
Food for peace:				
Loans to private industry	4.1			
Loans to governments	25.3			
Dollar credit sales	4.3			
Total	33.7		.5	33.7
Social progress trust fund	14.6	.1		14.5
Export-Import Bank, long-term loans	26.4	2.6	5.5	23.8
Total loans	148.4	3.4	6.9	145.0

Bolivia—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies	211.6			
Food for peace:				
Emergency relief and economic devel- opment	20.7			
Voluntary relief agencies	16.6			
Other U.S. economic programs	16.9			
Military assistance	13.0			
Total grants	278.8	3.4	6.9	145.0

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965 at export market prices	\$8.7
Fiscal year 1966 program:	
Technical cooperation	3.6
Contingency fund	1.0
Mining Bank of Bolivia (to encourage expansion in medium-sized private banks)	4.3
Nationalized Mining Corp. (development loan)	1.1
Total	10.0

NOTES

Fiscal year 1967 will mark end of AID dollar support.

Other assistance for fiscal years 1966 and 1967 classified.

GAO's opinion on examination of the economic and technical assistance program for Bolivia, fiscal years 1954-59 (classified report): "Action needed to evaluate status of projects in process, to recover usable equipment from defunct projects, and to follow up on trainee program." Date issued May 17, 1960. Pertinent dollar amounts in millions, 114.6.

Brazil

[U.S. fiscal years; millions of dollars]

[Population in 1965, 82,200,000; area, 3,280,000 square miles; GNP per capita, \$177]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	521.4		2.7	521.4
Food for peace: Loans to governments	341.2	0.1	5.4	341.1
Export-Import Bank, long-term loans	¹ 1,163.8	538.2	289.8	581.6
Social Progress Trust Fund	62.1			
Other U.S. economic programs	² 38.8			
Military assistance	100.9	39.2	9.5	61.7
	23.4			23.4
Total loans	2,150.7	621.5	307.4	1,529.2
GRANTS				
AID and predecessor agencies	112.3			
Food for peace:				
Grants for economic development	121.9			
Emergency relief and economic devel- opment	53.6			
Voluntary relief agencies	86.3			
Other U.S. economic programs	17.5			
Military assistance	246.1			
Total grants	637.7	621.5	307.4	1,529.2

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$83.1
Sino-Soviet bloc assistance cumulative through 1965	184.0
Fiscal year 1966 program, technical cooperation	14.4
Fiscal year 1967 program, technical cooperation	15.8

¹ Excludes refunding of \$304,700,000 in fiscal year 1961; \$85,900,000 in fiscal year 1964; and \$6,600,000 in fiscal year 1965.

² AID carries this amount as \$56,300,000; \$17,500,000 of it is a grant.

NOTES

Other assistance for fiscal years 1966 and 1967 classified.

GAO's opinion of examination of economic and technical assistance program for Brazil, fiscal years 1955-59: "Recommends integration of common support functions of the Department of State and ICA, and comments on other practices and procedures." Date issued, May 27, 1960. Pertinent dollar amounts, \$28,400,000.

British Guiana

[U.S. fiscal years; millions of dollars]

[Population in 1965, 700,000; area, 83,000 square miles; GNP per capita, \$291]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	5.5			5.5
Total loans	5.5			5.5
GRANTS				
AID and predecessor agencies	10.1			
Food for peace: Voluntary relief agencies	1.4			
Total grants	11.5			5.5

<i>Millions</i>				
Agricultural commodity exports under barter contracts from July 1, 1954, through December 31, 1965 at export market prices	\$0.1			
Fiscal year 1966 program, technical cooperation	.6			
Fiscal year 1967 program, technical cooperation	.5			

NOTE.—Other assistance for fiscal years 1966 and 1967 classified.

British Honduras

[U.S. fiscal years; millions of dollars]

[Population in 1965, 100,000; area, 9,000 square miles; GNP per capita, \$360]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies	1.0			
Food for peace:				
Emergency relief and economic development	.3			
Voluntary relief agencies	1.7			
Other U.S. economic programs	.8			
Total grants	3.8			

Total economic assistance	\$3,800,000
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	64,000

Chile

[U.S. fiscal years; millions of dollars]

[Population in 1965, 8,500,000; area, 286,000 square miles; GNP per capita, \$471]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	377.0	1.2	3.9	375.8
Food for peace:				
Loans to private industry	.8			
Loans to governments	53.0			
Dollar credit sales	41.9			
Total	95.7	6.6	4.9	89.1
Export-Import Bank, long-term loans	1359.7	130.0	70.4	229.7
Social Progress Trust Fund	33.9	.4	.3	33.5
Military assistance	1.1	.5		.6
Total loans	867.4	138.7	79.5	728.7
GRANTS				
AID and predecessor agencies	59.5			
Food for peace:				
Emergency relief and economic development	4.9			
Voluntary relief agencies	72.1			
Other U.S. economic programs	11.2			
Military assistance	109.9			
Total grants	257.6	138.7	79.5	728.7

¹ Excludes refunding of \$40,400,000 in fiscal year 1965.

<i>Millions</i>				
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$5.3			
Fiscal year 1966 program, technical cooperation	3.3			
Fiscal year 1967 program, technical cooperation	3.2			

NOTES

Other assistance for fiscal years 1966 and 1967, classified.
GAO's opinion of deficiencies in the administration of the earthquake reconstruction and rehabilitation program for Chile (including classified supplement): "Inadequate planning, inadequate staffing of AID mission, and failure to obtain maximum exchange rate for dollars." Date issued, June 29, 1964. Pertinent dollar amounts in millions, \$120.

Colombia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 17,000,000; area, 440,000 square miles; GNP per capita, \$306]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	213.2	0.3	5.7	212.9
Food for peace:				
Loans to private industry	13.1			
Loans to governments	42.5			
Dollar credit sales	6.9			
Total	62.5	2.9	4.3	59.6
Export-Import Bank, long-term loans	201.1	108.4	38.2	92.7
Social Progress Trust Fund	49.9			
Other U.S. economic programs	1.8			
Total	50.7	1.5	.7	49.2
Total loans	527.5	113.1	48.9	414.4
GRANTS				
AID and predecessor agencies	36.4			
Food for peace:				
Emergency relief and economic development	.5			
Voluntary relief programs	66.1			
Other U.S. economic programs	15.8			
Military assistance	78.4			
Total grants	197.2	113.1	48.9	414.4

¹ AID carries this amount as \$16,600,000, \$15,800,000 of it is a grant.

<i>Millions</i>				
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$10			
Fiscal year 1966 program:				
Technical cooperation	4.0			
Contingency Fund	5.1			
Total	5.5			
Fiscal year 1967 program, technical cooperation	4.6			

NOTES

All other assistance for fiscal years 1966 and 1967 classified.
GAO's opinion of improper payment of port charges on shipments to Colombia of food donated under title III of the Agricultural Trade Development and Assistance Act of 1954: "Tariff rates did not reflect terms of agreements covering the distribution of food." Date issued May 20, 1965. Pertinent dollar amounts \$393,000.
GAO's opinion of improper payment of port charges for surplus agricultural commodities sold under title I, Agricultural Trade Development and Assistance Act of 1954: "Tariff rates did not reflect terms of agreements covering the commodity sales." Date issued Nov. 17, 1964. Pertinent dollar amounts, \$234,000.

Costa Rica

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,400,000; area, 20,000 square miles; GNP per capita, \$383]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	35.8	0.2	0.5	35.6
Export-Import Bank long-term loans	123.9	8.0	3.8	15.9
Social Progress Trust Fund	12.6	.1	.2	12.5
Total loans	72.3	8.3	4.5	64.0
GRANTS				
AID and predecessor agencies	17.6			
Food for peace:				
Emergency relief and economic development	4.1			
Voluntary relief agencies	1.7			
Other U.S. economic programs	37.6			
Military assistance	2.0			
Total grants	63.0	8.3	4.5	64.0

¹ Excludes refunding of \$2,600,000 in fiscal year 1963.

<i>Millions</i>				
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$1.0			
Fiscal year 1966 program, technical cooperation	2.1			
Fiscal year 1967 program, technical cooperation	2.1			

NOTES

GAO's opinions on Inter-American Highway:

"Unauthorized expenditures for the repair and construction of a section of the Inter-American Highway in the Republic of Costa Rica; \$376,000 unauthorized." Date issued, Oct. 20, 1965. Pertinent dollar amounts, \$1,128,000.

"Questionable validity of \$32,000,000 estimates of funds needed to complete Inter-American Highway." Date issued, Dec. 8, 1964. Pertinent dollar amounts, \$32,000,000.

"Unnecessary costs resulting from deficiencies in construction activities of the Inter-American Highway program in Costa Rica. Unnecessary costs of \$125,000." Date issued, Sept. 14, 1964. Pertinent dollar amounts, \$85,000,000.

"Unnecessary costs resulting from inadequacies in the administration of right-of-way activities of the Inter-American Highway program in Costa Rica. Unnecessary costs of \$1,100,000." Date issued, May 27, 1964.

Cuba

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank long-term loans (total loans)	37.5	1.3	7.0	36.2
GRANTS				
AID and predecessor agencies	2.8			
Food for Peace: Voluntary relief agencies	.7			
Other U.S. programs	.5			
Military assistance	10.6			
Total grants	14.6	1.3	7.0	36.2

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Feb. 7, 1962, at export market prices \$5.5

NOTES

No activity subsequent to 1961.

General embargo on all trade to Cuba effective Feb. 7, 1962.

General license revoked on May 15, 1964, on all shipments of foodstuffs to Cuba and were made subject to specific license approval. It has since been the policy of the Department of Commerce to deny all such license applications.

Dominican Republic

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,600,000; area, 19,000 square miles; GNP per capita, \$246]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	42.6		.04	42.6
Food for peace: Dollar credit sales	19.1		.1	19.1
Export-Import Bank, long-term loans	20.7	0.3	.3	20.4
Social Progress Trust Fund	10.3	.2	.1	10.1
Total loans	92.7	.5	.9	92.2
GRANTS				
AID and predecessor agencies	67.3			
Food for peace:				
Emergency relief and economic development	7.0			
Voluntary relief agencies	18.4			
Other U.S. economic programs	4.4			
Military assistance	14.2			
Total grants	111.3	.5	.9	92.2

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$3.9

Fiscal year 1966 program:

Technical cooperation 4.4

Contingency Fund 7.3

Total 41.7

Fiscal year 1967 program, technical cooperation 4.1

NOTES

Other assistance for fiscal years 1966 and 1967 classified.

An excerpt from U.S. News & World Report of June 6, 1966: "The Dominican Republic has received \$131,000,000 U.S. aid in the 13 months from the start of the revolution to the time of election June 1, 1966."

Ecuador

[U.S. fiscal years; millions of dollars]

[Population in 1965, 5,000,000; area, 112,000 square miles; GNP per capita, \$215]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	70.8	2.5	2.6	68.3
Food for peace:				
Loans to private industry	1.2			
Loans to governments	7.2			
Dollar credit sales	8.8			
Total	17.2	.9	1.0	128.5
Export-Import Bank long-term loans	31.6	12.3	7.0	19.3
Social Progress Trust Fund	24.8			
Other U.S. economic programs	1.5			
Total	25.3	.7	.1	24.6
Total loans	144.9	16.4	10.7	128.5
GRANTS				
AID and predecessor agencies	36.6			
Food for peace:				
Emergency relief and economic development	.9			
Voluntary relief agencies	13.0			
Other U.S. economic programs	10.5			
Military assistance	42.2			
Total grants	103.2	16.2	10.7	128.5

¹ AID carries this amount as \$11,000,000; \$10,500,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$0.7

Fiscal year 1966 program, technical cooperation 4.3

Fiscal year 1967 program, technical cooperation 4.7

NOTES

Other assistance for fiscal years 1966 and 1967 classified.

GAO's opinion on financial statement: "Questionable aspects of budget support loans made to the Government of Ecuador (loans made without insisting that the foreign government develop or utilize other domestic financial resources). Date issued, Apr. 29, 1965. Pertinent dollar amounts, \$15,000,000.

El Salvador

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,900,000; area, 8,200 square miles; GNP per capita, \$285]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	28.4	0.2	0.1	28.2
Food for peace: Dollar credit sales	2.0	.3	.1	1.7
Export-Import Bank, long-term loans	9.4	4.0	1.2	5.4
Social Progress Trust Fund	22.0	.3	.4	21.7
Total loans	61.8	4.8	1.8	57.0
GRANTS				
AID and predecessor agencies	20.4			
Food for peace:				
Emergency relief and economic development	0.2			
Voluntary relief agencies	9.1			
Other U.S. economic programs	3.3			
Military assistance	4.3			
Total grants	37.3	4.8	1.8	57.0

Millions

Agricultural commodity exports under barter contract from July 1, 1954, through Dec. 31, 1965, at export market prices \$0.8

NOTE.—No program for fiscal years 1966 and 1967.

Guatemala

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,400,000; area, 43,000 square miles; GNP per capita, \$293]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	24.8	0.8	1.0	24.0
Export-Import Bank long term loans	18.0	3.2	0.6	14.8
Social progress trust fund	14.3			14.3
Military assistance	0.1			0.1
Total loans	57.2	4.0	1.6	53.2
GRANTS				
AID and predecessor agencies	86.1			
Food for peace:				
Emergency relief and economic de- velopment	3.2			
Voluntary relief agencies	7.6			
Other U.S. economic programs ¹	40.3			
Military assistance	9.9			
Total grants	147.1	4.0	1.6	53.2

¹ Includes 34.9 for Inter-American Highway.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$6.4
Fiscal year 1966 program, technical cooperation	2.6
Fiscal year 1967 program, technical cooperation	2.7

NOTES

Other assistance for fiscal years 1966 and 1967 classified.

GAO's opinion of examination of economic and technical cooperation programs for Guatemala for fiscal years 1955-59: "Reveals corrective action taken in various administrative areas, including planning prior to project agreements." Date issued Mar. 22, 1960.

Haiti

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,600,000; area, 11,000 square miles GNP; per capita, \$73]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and Predecessor agencies	4.8	0.1	0.2	4.7
Export-Import Bank, long-term loans	25.0	.8	5.1	24.2
Other U.S. economic programs	1.3	.1		.2
Total loans	30.1	1.0	5.3	29.1
GRANTS				
AID and predecessor agencies	52.1			
Food for peace:				
Emergency relief and Economic de- velopment	3.5			
Voluntary relief agencies	9.9			
Other U.S. economic programs	2.7			
Military assistance	4.3			
Total grants	72.5	1.0	5.3	29.1

¹ AID carries this amount as \$3,000,000; \$2,700,000, of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$8.0
Fiscal year 1966 program, supporting assistance	1.4
Fiscal year 1967 program, supporting assistance	1.4

NOTE.—Other assistance classified.

Honduras

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,300,000; area, 43,000 square miles; GNP per capita, \$282]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	21.6	2.5	1.2	19.1
Export-Import Bank long-term loans	3.2	1.7	.6	1.5
Social Progress Trust Fund	7.6			
Other U.S. economic programs	1.1			
Total	7.7	.2	.1	7.5
Total loans	32.5	4.4	1.9	28.1

Honduras—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies	24.2			
Food for peace:				
Emergency relief and economic de- velopment	.2			
Voluntary relief agencies	4.4			
Other U.S. economic programs	8.1			
Military assistance	4.4			
Total grants	41.3	4.4	1.9	28.1

¹ AID carries this amount as \$3,200,000; \$3,100,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$1.0
Fiscal year 1966 program, technical cooperation	2.1
Fiscal year 1967 program, technical cooperation	2.1

NOTE.—Other assistance classified.

Jamaica

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,800,000; area, 4,000 square miles; GNP per capita, \$421]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	11.6			11.6
Export-Import Bank long-term loans	5.0			5.0
Total loans	16.6			16.6
GRANTS				
AID and predecessor agencies	4.9			
Food for peace:				
Emergency relief and economic de- velopment	1.0			
Voluntary relief agencies	12.5			
Other U.S. economic programs	1.4			
Military assistance	.6			
Total grants	20.4			16.6

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$3.3
Fiscal year 1966 program, technical cooperation	.3
Fiscal year 1967 program, technical cooperation	.9

NOTE.—Other assistance classified.

Mexico

[U.S. fiscal years; millions of dollars]

[Population in 1965, 40,900,000; area, 760,000 square miles; GNP per capita, \$419]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	66.5		0.1	66.5
Food for peace:				
Loans to private industry	6.3			
Loans to governments	11.4			
Total	17.7	6.6	4.1	11.1
Export-Import Bank long-term loans	736.6	350.5	103.6	386.1
Social Progress Trust Fund	35.5			
Other U.S. economic programs	1.3			
Total	35.8	.6	.2	35.2
Military assistance	5.4	4.6	.3	.8
Total loans	862.0	362.3	108.3	499.7
GRANTS				
AID and predecessor agencies	9.4			
Food for peace:				
Emergency relief and economic de- velopment	3.5			
Voluntary relief agencies	50.0			
Other U.S. economic programs	99.4			
Military assistance	5.6			
Total grants	167.9	362.3	108.3	499.7

¹ AID carries this amount as \$99,700,000; \$99,400,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$25.1
Fiscal year 1966 program, technical cooperation	.2
Fiscal year 1967 program, technical cooperation	.2

Nicaragua

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,600,000; area, 57,000 square miles; GNP per capita, \$325]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	28.0	0.3	0.5	27.7
Export-Import Bank, long-term loans	14.3	6.8	2.4	7.5
Social Progress Trust Fund	13.1	.1	.1	13.0
Total loans	55.4	7.2	3.0	48.2
GRANTS				
AID and predecessor agencies	17.2			
Food for peace: Voluntary relief agencies	5.1			
Other U.S. economic programs	25.9			
Military assistance	7.6			
Total grants	55.8	7.2	3.0	48.2

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$0.8
Fiscal year 1966 program, technical cooperation	2.0
Fiscal year 1967 program, technical cooperation	2.2

NOTE.—Other assistance classified.

Panama

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,200,000; area, 29,000 square miles; GNP per capita, \$488]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	37.5	0.7	1.2	36.8
Export-Import Bank, long-term loans	29.8	6.7	3.1	23.1
Social Progress Trust Fund	12.9	.2	.4	12.7
Total loans	80.2	7.6	4.7	72.6
GRANTS				
AID and predecessor agencies	31.5			
Food for peace: Voluntary relief agencies	8.1			
Other U.S. economic programs	37.6			
Military assistance	1.6			
Total grants	78.8	7.6	4.7	72.6

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954 through Dec. 31, 1965 at export market prices	\$0.6
Fiscal year 1966 program:	
Technical cooperation	1.5
Contingency fund	3.5
Total	5.0
Fiscal year 1967 program, technical cooperation	2.1

NOTES

All other assistance classified.

GAO's opinion of questionable validity of \$32,000,000 estimate of funds needed to complete Inter-American Highway (title self-explanatory). Date issued Dec. 8, 1964. Pertinent dollar amounts, \$32,000,000.

GAO's opinion of unnecessary costs resulting from inadequacies in the administration of the Inter-American Highway program in the Republic of Panama: "Unnecessary costs of \$175,000." Date issued Mar. 24, 1965. Pertinent dollar amounts, \$60,000,000.

Paraguay

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,900,000; area, 167,000 square miles; GNP per capita, \$208]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	18.2	1.2	1.4	17.0
Social Progress Trust Fund	7.8			7.8
Food for peace:				
Loans to private industry	2.0			
Loans to governments	7.5			
Dollar credit sales	.2			
Total	9.7		.4	9.7
Export-Import Bank, long-term loans	10.4	3.1	3.4	7.3
Military assistance	.2			.2
Total loans	46.3	4.3	5.2	42.0
GRANTS				
AID and predecessor agencies	25.4			
Food for peace:				
Grants for economic development	3.4			
Voluntary relief agencies	6.5			
Other U.S. economic programs	2.8			
Military assistance	5.8			
Total grants	43.9	4.3	5.2	42.0

<i>Thousands</i>	
Fiscal year 1966 program, technical cooperation	\$2,300
Fiscal year 1967 program, technical cooperation	2,300
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	8

NOTE.—Other assistance classified.

Peru

[U.S. fiscal years; millions of dollars]

[Population in 1965, 11,700,000; area, 514,000 square miles; GNP per capita, \$280]

	Total, 1946-65	Prin- cipal repay- ments	Inter- est collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	69.9	0.7	0.7	69.2
Food for peace:				
Loans to private industry	4.5			
Loans to governments	24.4			
Dollar credit sales	2.0			
Subtotal	30.9	2.4	3.1	28.5
Export-Import Bank long term loans	250.6	126.8	44.6	123.8
Other U.S. economic programs	15.5			
Social progress trust fund	36.0			
Military assistance	41.5	6.0	2.0	35.5
	18.9	16.0	2.2	2.9
Total loans	411.8	151.9	52.6	259.9
GRANTS				
AID and predecessor agencies	45.8			
Food for peace:				
Emergency relief and economic development	29.6			
Voluntary relief agencies	22.4			
Other U.S. economic programs	14.5			
Military assistance	106.6			
Total grants	218.9	151.9	52.6	259.9

¹ AID carries this amount as \$20,000,000; \$14,500,000 of it is a grant.

<i>Millions</i>	
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$44.4
Fiscal year 1966 program:	
Technical cooperation	4.9
Contingency fund	0.9
Total, fiscal year 1966 program	5.8
Fiscal year 1967 program, technical cooperation	5.4

NOTE.—All other assistance classified.

Surinam

[U.S. fiscal years; millions of dollars]

[Population in 1965, 400,000; area, 55,100 square miles; GNP per capita, \$340]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	1.0			1.0
Total loans	1.0			1.0
GRANTS				
AID and predecessor agencies	3.0			
Food for peace:				
Emergency relief and economic devel-				
opment	0.1			
Voluntary relief agencies	0.9			
Total grants	4.0			1.0

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$15,000

Trinidad and Tobago

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,000,000; area, 2,000 square miles; GNP per capita, \$632]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank, long-term loans	13.0	0.6	0.8	12.4
Total loans	13.0	.6	.8	12.4
GRANTS				
AID and predecessor agencies	29.2			
Food for peace:				
Emergency relief and economic devel-				
opment	.3			
Voluntary relief agencies	.5			
Other U.S. economic programs	.2			
Total grants	30.2	.6	.8	12.4

Millions
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$0.1
Fiscal year 1966 program, supporting assistance 5.0
Fiscal year 1967 program, supporting assistance 5.0

NOTE.—In consideration for the right to maintain a U.S. Navy base in Trinidad, the United States agreed in 1962 to furnish the Government of Trinidad and Tobago \$30 million in economic assistance. Specifically, the agreement called for supporting assistance allotments of \$10 million in fiscal year 1963 and \$5 million in fiscal years 1964-67.

Uruguay

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,700,000; area, 72,000 square miles; GNP per capita, \$518]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	17.8	0.3	0.9	17.5
Food for peace:				
Loans to private industry	9.1			
Loans to governments	15.2			
Total	24.3	1.2	1.4	23.1
Export-Import Bank: Long-term loans	9.7	2.7	0.4	7.0
Social Progress Trust Fund	10.5			
Other U.S. economic programs	2.2			
Total	12.7	1.5	0.4	11.2
Total loans	64.5	5.7	3.1	58.8
GRANTS				
AID and predecessor agencies	5.8			
Food for peace: Voluntary relief agencies	3.1			
Other U.S. economic programs	2.0			
Military Assistance	35.4			
Total grants	46.3	5.7	3.1	58.8

¹ AID carries this amount as \$4,200,000; \$2,000,000 of it is a grant. *Millions*
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965 at export market prices \$1.8

NOTE.—Assistance for fiscal years 1966 and 1967 classified.

Venezuela

[U.S. fiscal years; millions of dollars]

[Population in 1965, 8,800,000; area, 352,000 square miles; GNP per capita, \$833]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	55.0	0.1	0.8	54.9
Food for peace: Dollar credit sales	13.9			13.9
Export-Import Bank long-term loans	119.2	30.8	16.8	88.4
Social Progress Trust Fund	73.0	3.2	1.5	69.8
Military assistance	76.8	28.7	1.8	48.1
Total loans	337.9	62.8	20.9	275.1
GRANTS				
AID and predecessor agencies	8.7			
Food for peace: Voluntary relief agencies	16.2			
Other U.S. economic programs	7.1			
Military assistance	16.1			
Total grants	48.1	62.8	20.9	275.1

Millions
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$2.1
Fiscal year 1966 program—Technical cooperation 1.7
Fiscal year 1967 program—Technical cooperation 1.4

Other West Indies

[U.S. fiscal years; millions of dollars]

	Total, 1955-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
None				
GRANTS				
Food for peace: Voluntary relief agencies	2.9			
Other U.S. economic programs	.4			
Total grants	3.3			

Millions
Total economic assistance \$3.3

Regional programs in Central America covering Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, ROCAP

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	67.0		0.1	67.0
Social progress trust fund	2.9			2.9
Total loans	69.9		0.1	69.9
GRANTS				
AID and predecessor agencies	14.2			
Total grants	14.2		0.1	69.9

Millions
Fiscal year 1966 program, technical cooperation \$3.9
Fiscal year 1967 program, technical cooperation 4.1

NOTE.—Proposed AID assistance in fiscal year 1967 through bilateral programs in 5 Central American countries comprises \$10,400,000 in technical cooperation and \$36,000,000 in development loans.

Latin America regional

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank: Long-term loans.....	25.0	3.0	9.9	22.0
Total loans.....	25.0	3.0	9.9	22.0
GRANTS				
AID and predecessor agencies.....	137.2			
Food for Peace: Voluntary relief agencies.....	1.3			
Social Progress Trust Fund ¹	14.3			
Other U.S. economic programs ²	550.0			
Military assistance.....	12.3			
Total grants.....	715.1	3.0	9.9	22.0

¹ AID has a footnote (see report, p. 55) stating that \$2.9 million of this figure is a loan. The full amount is a grant.

² Represents subscriptions to Inter-American Development Bank.

Fiscal year 1966 program, technical cooperation.....	\$14.9
Fiscal year 1967 program, technical cooperation.....	16.3

Millions

AFRICA

Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ethiopia, Gabon, Gambia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Libya, Malagasy Republic, Malawi, Mali, Mauritania, Morocco, Niger, Rwanda, Senegal, Sierra Leone, Somali Republic, South Africa, Republic of, Southern Rhodesia, Sudan, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zambia, East Africa Regional, Regional USAID/Africa, Africa Regional.

Africa, total

[U.S. fiscal years; millions of dollars]

[Population in 1965, 263,000,000; area, 11,300,000 square miles; GNP per capita, \$145]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	724.3	11.1	37.9	713.2
Food for peace.....	150.2	.3	.6	149.9
Export-Import Bank: Long-term loans.....	379.5	161.1	57.5	218.4
Other U.S. economic programs.....	31.3	24.2	4.7	7.1
Military assistance.....	10.7	2.8	0.5	7.9
Total loans.....	1,296.0	199.5	101.2	1,096.5
GRANTS				
AID and predecessor agencies.....	958.9			
Food for peace.....	701.8			
Other U.S. economic programs.....	105.4			
Military assistance.....	175.4			
Total grants.....	1,941.5	199.5	101.2	1,096.5

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....

\$76.5

Fiscal year 1967 program:	
Supporting assistance.....	27.0
Technical cooperation.....	94.0
Development loans.....	100.0

Total..... 221.0
Sino-Soviet bloc assistance cumulative through 1965..... 1,121.0

¹ This figure includes Angola, Canary Islands, Madeira, Mozambique, and São Tôme.

Algeria

[U.S. fiscal years; millions of dollars]

[Population in 1965, 11,000,000; area, 920,000 square miles; GNP per capita, \$225]

	Total, 1956-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	3.9			
Food for peace:				
Emergency relief and economic development.....	102.1			
Voluntary relief agencies.....	55.9			
Total grants.....	161.9			

Total economic assistance.....	Millions \$161.9
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	1.8
Grand total.....	163.7
Sino-Soviet bloc assistance cumulative through 1965.....	302.0
Fiscal year 1966 program, technical cooperation.....	0.6
Fiscal year 1967 program, technical cooperation.....	0.9

- Burundi

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,800,000; area, 11,000 square miles; GNP per capita, \$50]

	Total, 1962-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
GRANTS				
AID and predecessor agencies.....	0.6			
Food for peace:				
Emergency relief and economic development.....	3.8			
Voluntary relief agencies.....	3.0			
Total grants.....	7.4			

¹ No loans.

Total economic assistance.....	Millions \$7.4
Agricultural commodity exports under barter contracts from July 1, 1964, through Dec. 31, 1965, at export market prices.....	.1
Grand total.....	7.5
Fiscal year 1966 program, technical cooperation.....	.3
Fiscal year 1967 program, technical cooperation.....	.1

NOTE.—AID currently suspended due to treatment of U.S. officials.

Cameroon

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,700,000; area, 183,000 square miles; GNP per capita, \$125]

	Total, 1961-65	Prin- cipal repay- ments	Interest due and unpaid	Prin- cipal out- standing
LOANS				
AID and predecessor agencies (total loans).....	12.4			12.4
GRANTS				
AID and predecessor agencies.....	9.3			
Food for peace: Voluntary relief agencies.....	.4			
Other U.S. economic programs.....	2.7			
Total grants.....	12.4			12.4

Thousands

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	\$58,000
Fiscal year 1966 program, technical cooperation.....	600,000
Fiscal year 1967 program, technical cooperation.....	900,000

Central African Republic

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,300,000; area 238,000 square miles; GNP per capita, \$90]

	Total, 1962-65	Prin- cipal repay- ments	Interest due and unpaid	Prin- cipal out- standing
LOANS				
None.....				
GRANTS				
AID and predecessor agencies.....	2.8			
Total grants.....	2.8			

Millions

Total economic assistance..... \$2.8
 Fiscal year 1966 program—Technical cooperation..... .8
 Fiscal year 1967 program—Technical cooperation..... .6

NOTE.—In 1964 Central African Republic received Communist commitments of economic aid amounting to \$4,000,000.

Chad

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,400,000; area, 49,000 square miles; GNP per capita, \$70]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	3.0			
Food for peace:				
Emergency relief and economic de- velopment.....	1.1			
Voluntary relief agencies.....	.1			
Total grants.....	4.2			

Millions

Total economic assistance..... \$4.2
 Fiscal year 1966 program—Technical cooperation..... 1.1
 Fiscal year 1967 program—Technical cooperation..... .8

Congo (Brazzaville)

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,000,000; area, 132,000 square miles; GNP per capita, \$135]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank long-term loans (total loans).....	0.2			0.2
GRANTS				
AID and predecessor agencies.....	2.0			
Food for peace: Emergency relief and eco- nomic development.....	.2			
Total grants.....	2.4			.2

NOTE.—Mistreatment of U.S. officials became so flagrant the United States with-
 drew its Ambassador and suspended the small aid program.

Congo-Léopoldville

[U.S. fiscal years; millions of dollars]

[Population in 1965, 15,900,000; area 906,000 square miles; GNP per capita, \$80]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	15.0			15.0
Food for peace:				
Loans to private industry.....	3.4			
Loans to governments.....	20.1			
Total.....	23.5			23.5
Total loans.....	38.5			38.5

Congo-Léopoldville—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies.....	192.9			
Food for peace:				
Grants for common defense.....	3.4			
Grants for economic development.....	36.8			
Emergency relief and economic de- velopment.....	17.6			
Voluntary relief agencies.....	9.6			
Military assistance.....	15.3			
Total grants.....	275.6			275.6

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$3.3
 Fiscal year 1966 program—Technical cooperation..... 1.3
 Fiscal year 1967 program—Technical cooperation..... .8

NOTE.—Other assistance classified.

Dahomey

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,250,000; area 45,000 square miles; GNP per capita, \$70]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
Food for peace:				
Loans to private industry.....	0.1			0.1
Loans to governments.....	.1			.1
Total loans.....	.2			.2
GRANTS				
AID and predecessor agencies.....	4.3			
Food for peace:				
Emergency relief and economic devel- opment.....	1.9			
Voluntary relief agencies.....	2.2			
Military assistance.....	.1			
Total grants.....	8.5			.2

Millions

Fiscal year 1966 program, technical cooperation..... \$0.5
 Fiscal year 1967 program, technical cooperation..... .6

Ethiopia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 20,200,000; area 457,000 square miles; GNP per capita, \$49]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	36.5	1.4	2.4	35.1
Food for peace:				
Loans to private industry.....	.2			
Loans to governments.....	.5			
Dollar credit sales.....	1.4			
Total.....	2.1	.1	.1	2.0
Export-Import Bank long-term loans.....	20.5	7.7	2.2	12.8
Other U.S. economic programs.....	1.4	.4		
Total loans.....	59.5	9.6	4.7	49.9
GRANTS				
AID and predecessor agencies.....	68.2			
Food for peace:				
Emergency relief and economic devel- opment.....	10.0			
Voluntary relief agencies.....	2.6			
Other U.S. economic programs.....	10.6			
Military assistance.....	95.6			
Total grants.....	187.0	9.6	4.7	49.9

¹ AID carries this figure as \$11,000,000; \$10,600,000 of it is a grant. Other assistance classified.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market price..... \$1.1
 Sino-Soviet bloc assistance cumulative through 1965..... 119.0

NOTE.—GAO's opinion of furnishing of military assistance to Ethiopia in excess of the country's ability to effectively utilize the equipment (classified). (Title is self-explanatory.) Date issued, May 6, 1964.

Gabon

[U.S. fiscal years; millions of dollars]

[Population in 1965, 454,000; area 103,000 square miles; GNP per capita, \$275]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies	2.5			
Food for peace: Voluntary relief agencies	.1			
Other U.S. economic programs	2.2			
Total grants	4.8			

Millions

Total economic assistance	\$4.8
Fiscal year 1966 program—Technical cooperation	.7
Fiscal year 1967 program—Technical cooperation	.4

Gambia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 300,000; area, 4,000 square miles; GNP per capita, \$85]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies	0.1			
Total grants	.1			

Total economic assistance	\$100,000
Fiscal year 1966 program, technical cooperation	58,000
Fiscal year 1967 program, technical cooperation	50,000

Ghana

[U.S. fiscal years; millions of dollars]

[Population in 1965, 7,700,000; area, 92,000 square miles; GNP per capita, \$251]

	Total, 1949-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	82.0	0.1	0.7	81.9
Export-Import Bank, long-term loans	65.0		1.1	65.0
Total loans	147.0	.1	1.8	146.9
GRANTS				
AID and predecessor agencies	9.0			
Food for peace:				
Emergency relief and economic development	1.6			
Voluntary relief agencies	4.9			
Other U.S. economic programs	3.0			
Total grants	18.5	.1	1.8	146.9

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$5. ■
Sino-Soviet bloc assistance cumulative through 1965	231.0
Fiscal year 1966 program, technical cooperation	1.4
Fiscal year 1967 program, technical cooperation	1.2

NOTES

Other assistance classified.
In fiscal year 1967 AID will continue to discharge its loan obligations to the Volta Dam and aluminum refinery projects under commitments made several years ago. Other capital projects are not contemplated.

Guinea

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,500,000; area 95,000 square miles; GNP per capita, \$70]

	Total, 1959-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	5.5		0.1	5.5
Food for peace:				
Loans to private industry	3.6			
Loans to governments	21.5			
Total	25.1			25.1
Total loans	30.6		.1	30.6
GRANTS				
AID and predecessor agencies	34.9			
Food for peace: Emergency relief and economic development	2.0			
Other U.S. economic programs	1.9			
Military assistance	.8			
Total grants	39.6		.1	30.6

Millions

Sino-Soviet bloc assistance, cumulative through 1965	\$120
Fiscal year 1966 program, technical cooperation	2.0
Fiscal year 1967 program, technical cooperation	3.3

NOTE.—Other assistance classified.

Ivory Coast

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,800,000; area, 125,000 square miles; GNP per capita, \$215]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	6.7			6.7
Food for peace:				
Loans to private industry	.6			
Loans to governments	1.9			
Dollar credit sales	4.0			
Subtotal	6.5			6.5
Export-Import Bank, long-term loans	4.6		0.1	4.6
Total loans	17.8		.1	17.8
GRANTS				
AID and predecessor agencies	5.4			
Food for peace: Voluntary relief agencies	.1			
Other U.S. economic programs	2.6			
Military assistance	.1			
Total grants	8.2		.1	17.8

Millions

Fiscal year 1966 program, technical cooperation	\$0.2
Fiscal year 1967 program, technical cooperation	.8

Kenya

[U.S. fiscal years; millions of dollars]

[Population in 1965, 9,400,000; area 225,000 square miles; GNP per capita, \$88]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	2.8			2.8
Food for peace: Dollar credit sales	3.8			3.8
Total loans	6.6			6.6

Kenya—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies.....	17.4			
Food for peace:				
Emergency relief and economic devel- opment.....	8.8			
Voluntary relief agencies.....	1.7			
Other U.S. economic programs.....	1.2			
Total grants.....	29.1			6.6

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	\$0.7
Sino-Soviet bloc assistance cumulative 1965.....	62.1
Fiscal year 1966 program—Technical cooperation.....	.3
Fiscal year 1967 program—Technical cooperation.....	.3

Liberia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,100,000; area 43,000 square miles; GNP per capita, \$175]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	48.3	0.2		48.1
Food for peace: Dollar credit sales.....	8.6	.2		8.4
Export-Import Bank, long-term loans ¹	101.9	14.5	15.6	87.4
Other U.S. economic programs.....	27.0			7.0
Military assistance.....	1.1	.3		.8
Total loans.....	166.9	15.2	15.6	151.7
GRANTS				
AID and predecessor agencies.....	55.3			
Food for peace: Voluntary relief agencies.....	1.9			
Other U.S. economic programs.....	8.0			
Military assistance.....	4.6			
Total grants.....	69.8	15.2	15.6	151.7

¹ Excludes refunding of \$13,200,000 in fiscal year 1963.² AID carries this amount as \$15,000,000; \$8,000,000 of it is a grant.

Millions

Agricultural Commodity Exports under barter contracts from July 1, 1954, through Dec. 31, 1965 at export market prices.....	\$0.3
Fiscal year 1966 program, technical assistance.....	.7
Fiscal year 1967 program, technical assistance.....	.7

Libya

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,600,000; area, 680,000 square miles; GNP per capita, \$365]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	7.1	0.8	0.9	6.3
Total loans.....	7.1	.8	.9	6.3
GRANTS				
AID and predecessor agencies.....	130.6			
Food for peace:				
Emergency relief and economic devel- opment.....	27.5			
Voluntary relief agencies.....	7.8			
Other U.S. economic programs.....	33.4			
Military assistance.....	10.6			
Total grants.....	209.9	.8	.9	6.3

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	\$0.3
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NOTE.—No funds requested for Libya for fiscal year 1967, which no longer receives AID.

Malagasy Republic

[U.S. fiscal years; millions of dollars]

[Population in 1965, 6,200,000; area, 230,000 square miles; GNP per capita \$95]

	Total, 1959-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	2.7			2.7
Total loans.....	2.7			2.7
GRANTS				
AID and predecessor agencies.....	3.3			
Food for peace: Voluntary relief agencies.....	1.9			
Total grants.....	5.2			2.7

Millions

Fiscal year 1966 program—Technical cooperation.....	\$0.9
Fiscal year 1967 program—Technical cooperation.....	.6

Malawi¹

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,200,000; area, 46,000 square miles; GNP per capita, \$39]

	Total, 1956-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
None.....				
GRANTS				
AID and predecessor agencies.....	5.0			
Food for peace:				
Emergency relief and economic devel- opment.....	.1			
Voluntary relief agencies.....	.1			
Other U.S. economic programs.....	3.0			
Total grants.....	8.2			

¹ Data shown includes assistance to Nyasaland during years prior to becoming the independent state of Malawi.

Millions

Total economic assistance.....	\$8.2
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	.5
Grand total.....	8.7
Fiscal year 1966 program, technical cooperation.....	1.7
Fiscal year 1967 program, technical cooperation.....	2.2

Republic of Mali

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,600,000; area, 465,000 square miles; GNP per capita \$65]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	3.2			3.2
Total loans.....	3.2			3.2
GRANTS				
AID and predecessor agencies.....	9.5			
Food for peace: Emergency relief and eco- nomic development.....	.9			
Military assistance.....	2.2			
Total grants.....	12.6			3.2

Millions

Sino-Soviet bloc assistance cumulative 1965.....	\$98.0
Fiscal year 1966 program, technical cooperation.....	1.5
Fiscal year 1967 program, technical cooperation.....	1.0

NOTE.—All other assistance classified.

Mauretania

[U.S. fiscal years; millions of dollars]

[Population in 1963, 800,000; area, 419,000 square miles; GNP per capita, \$138]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	1.4			1.4
Total loans	1.4			1.4
GRANTS				
AID and predecessor agencies	.4			
Food for peace:				
Emergency relief and economic devel- opment	.3			
Voluntary relief agencies	.7			
Total grants	1.4			1.4

Millions

Fiscal year 1966 program—Technical assistance.....\$0.2

Fiscal year 1967 program—Technical assistance......2

Morocco

[U.S. fiscal years; millions of dollars]

[Population in 1963, 13,400,000; area, 171,000 square miles; GNP per capita, \$191]

	Total, 1949-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	270.1	2.2	27.0	267.9
Food for peace:				
Loans to private industry	3.5			
Loans to governments	23.2			
Total	26.7			26.7
Military assistance	6.0			6.0
Total loans	302.8	2.2	27.0	300.6
GRANTS				
AID and predecessor agencies	19.4			
Food for peace:				
Emergency relief and economic devel- opment	104.8			
Voluntary relief agencies	60.6			
Other U.S. economic programs	2.6			
Military assistance	25.9			
Total grants	213.3	2.2	27.0	300.6

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices.....\$13.3

Sino-Soviet bloc assistance cumulative through 1965.....17.0

NOTE.—Other assistance classified.

Niger

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,300,000; area, 489,000 square miles; GNP per capita, \$75]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	2.3			2.3
Total loans	2.3			2.3
GRANTS				
AID and predecessor agencies	5.1			
Food for peace: Emergency relief and eco- nomic development	.2			
Other U.S. economic programs	1.1			
Military assistance	.1			
Total grants	6.5			2.3

Millions

Fiscal year 1966 program, technical cooperation.....\$0.5

Fiscal year 1967 program, technical cooperation.....1.2

Nigeria

[U.S. fiscal years; millions of dollars]

[Population in 1965, 43,500,000; area, 357,000 square miles; GNP per capita, \$102]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	57.6	0.4	0.5	57.2
Export-Import Bank, long-term loans	6.7	1.3	.3	5.4
Other U.S. economic programs ¹	2.2	.2		
Military assistance	.3			.3
Total loans	64.8	1.9	.8	62.9
GRANTS				
AID and predecessor agencies	79.2			
Food for peace: Voluntary relief agencies	2.2			
Other U.S. economic programs	13.8			
Military assistance	.7			
Total grants	95.9	1.9	.8	62.9

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices.....\$3.0

Sino-Soviet bloc assistance through 1965.....14.0

Fiscal year 1966 program, technical cooperation.....18.3

Fiscal year 1967 program, technical cooperation.....18.3

¹ Includes \$13,800,000 for Peace Corps; \$200,000 for strategic materials.² AID carries this amount as \$14,000,000—\$13,800,000 of it is a grant. (See report, p. 97.)

NOTE.—Other assistance classified.

Rwanda

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,000,000; area, 10,166 square miles]

	Total, 1962-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies	0.8			
Food for peace:				
Emergency relief and economic devel- opment	.8			
Voluntary relief agencies	.1			
Total grants	1.7			

Millions

Total economic assistance.....\$1.7

Fiscal year 1966 program—Technical cooperation......5

Fiscal year 1967 program—Technical cooperation......2

NOTE.—Other assistance classified.

Senegal

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,400,000; area, 76,000 square miles; GNP per capita, \$200]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	1.3			1.3
Food for peace:				
Loans to private industry	.6			
Loans to governments	2.0			
Total loans	2.6			2.6
Export-Import Bank, long-term loans	.3			.3
Total loans	4.2			4.2
GRANTS				
AID and predecessor agencies	7.2			
Food for peace:				
Emergency relief and economic devel- opment	.3			
Voluntary relief agencies	2.6			
Other U.S. economic programs	2.3			
Military assistance	2.6			
Total grants	15.0			4.2

Senegal—Continued

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$5.8
In 1964 Senegal received Communist commitments of economic aid amounting to	7.0
Fiscal year 1966 program:	
Technical cooperation	.4
Supporting assistance	.2
Fiscal year 1967 program, technical cooperation	.6

Sierra Leone

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,300,000; area, 28,000 square miles; GNP per capita, \$115]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Food for peace: Dollar credit sales	1.8			1.8
Export-Import Bank long term loans	10.2			10.2
Total loans	12.0			12.0
GRANTS				
AID and predecessor agencies	7.2			
Food for peace: Voluntary relief agencies	2.8			
Other U.S. economic programs	5.1			
Total grants	15.1			12.0

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$0.1
Fiscal year 1966 program, technical cooperation	2.3
Fiscal year 1967 program, technical cooperation	2.1

Somali Republic

[U.S. fiscal years; millions of dollars]

[Population in 1965, 2,000,000; area, 246,000 square miles; GNP per capita, \$50]

	Total, 1954-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	6.2		0.1	6.2
Total loans	6.2		.1	6.2
GRANTS				
AID and predecessor agencies	32.2			
Food for peace:				
Emergency relief and economic development	6.8			
Voluntary relief agencies	.3			
Other U.S. economic programs	1.9			
Total grants	41.2		.1	6.2

Millions

Agricultural Commodity Exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$0.2
Sino-Soviet bloc assistance cumulative through 1965	85.0
Fiscal year 1966 program—Technical cooperation	3.5
Fiscal year 1967 program—Technical cooperation	3.3

Republic of South Africa

[U.S. fiscal years; millions of dollars]

[Population in 1965, 17,900,000; area, 500,000 square miles; GNP per capita, \$30]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank long-term loans	152.8	133.8	32.7	19
Other U.S. economic programs	1.3	1.3		
Total loans	154.1	135.1	32.7	19
NO GRANTS				
Total	154.1	135.1	32.7	19

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$13.3
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Southern Rhodesia¹

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,800,000; area, 150,000 square miles; GNP per capita, \$224]

	Total, 1954-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	5.0	2.2	2.0	2.8
Total loans	5.0	2.2	2.0	2.8
GRANTS				
AID and predecessor agencies	2.1			
Total grants	2.1	2.2	2.0	2.8

¹ These figures include assistance to Southern Rhodesia during the period this was part of the Federation of Rhodesia and Nyasaland.

Sudan

[U.S. fiscal years; millions of dollars]

[Population in 1965, 13,500,000; area, 967,000 square miles; GNP per capita, \$102]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	15.8			15.8
Food for peace:				
Loans to private industry	3.6			
Loans to governments	8.3			
Total	11.9			11.9
Total loans	27.7			27.7
GRANTS				
AID and predecessor agencies	55.3			
Food for peace:				
Grants for economic development	4.6			
Emergency relief and economic development	1.7			
Voluntary relief agencies	.1			
Military assistance	.4			
Total grants	62.1			27.7

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices	\$1.7
Sino-Soviet bloc assistance cumulative through 1965	32.0
Fiscal year 1966 program, technical cooperation	4.0
Fiscal year 1967 program, technical cooperation	4.5

NOTE.—Other assistance classified.

Tanzania

[U.S. fiscal years; millions of dollars]

[Population in 1965, 10,500,000; area, 363,000 square miles; GNP per capita, \$73]

	Total, 1958-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	12.9	0.1	0.1	12.9
GRANTS				
AID and predecessor agencies	8.7			
Food for peace:				
Emergency relief and economic development	14.7			
Voluntary relief agencies	3.1			
Other U.S. economic programs	4.6			
Total grants	31.1	.1	.1	12.8

Millions

Sino-Soviet bloc assistance cumulative through 1965	\$51.0
Fiscal year 1966 program, technical cooperation	2.5
Fiscal year 1967 program, technical cooperation	2.5

Togo

[U.S. fiscal years; millions of dollars]

[Population in 1965, 1,700,000; area, 22,000 square miles; GNP per capita, \$90]

	Total, 1959-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	3.6			
Food for peace:				
Emergency relief and economic devel- opment.....	2.5			
Voluntary relief agencies.....	1.8			
Other U.S. economic programs.....	1.9			
Total grants.....	9.8			

Total economic assistance.....	Millions \$9.8
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	.09
Grand total.....	10.7
Fiscal year 1966 program, technical cooperation.....	1.2
Fiscal year 1967 program, technical cooperation.....	.8

Tunisia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,700,000; area, 48,000 square miles; GNP per capita, \$176]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	118.2	1.3	1.9	116.9
Food for peace:				
Loans to private industry.....	6.7			
Loans to governments.....	30.8			
Total.....	37.5		.5	37.5
Export-Import Bank long-term loans.....	4.8	.8	.2	4.0
Military assistance.....	3.3	2.5	.5	.8
Total loans.....	163.8	4.6	3.1	159.2
GRANTS				
AID and predecessor agencies.....	110.2			
Food for peace:				
Grants for economic development.....	7.2			
Emergency relief and economic devel- opment.....	160.6			
Voluntary relief agencies.....	7.8			
Other U.S. economic programs.....	3.1			
Military assistance.....	16.1			
Total grants.....	305.0	4.6	3.1	159.2

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	Millions \$1.5
Sino-Soviet bloc assistance cumulative through 1965.....	48.0
Fiscal year 1966 program, technical cooperation.....	2.6
Fiscal year 1967 program:	
Technical cooperation.....	2.4
Food, Public Law 480.....	15.0
Total.....	17.4

NOTE.—Other assistance classified.

Uganda

[U.S. fiscal years; millions of dollars]

[Population in 1965, 7,600,000; area, 93,000 square miles; GNP per capita, \$80]

	Total, 1954-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	4.8			4.8
Total loans.....	4.8			4.8

Uganda—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies.....	10.8			
Food for peace:				
Emergency relief and economic devel- opment.....	.5			
Voluntary relief agencies.....	.8			
Other U.S. economic programs.....	.4			
Total grants.....	12.5			4.8

Sino-Soviet Bloc assistance cumulative through 1965.....	Millions \$31
Fiscal year 1966 program—Technical cooperation.....	2.4
Fiscal year 1967 program—Technical cooperation.....	2.7

Upper Volta

[U.S. fiscal years; millions of dollars]

[Population in 1965, 4,500,000; area, 106,000 square miles; GNP per capita, \$45]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	4.0			
Food for peace: Voluntary relief agencies.....	1.4			
Military assistance.....	.1			
Total grants.....	5.5			

Total economic assistance.....	Millions \$5.5
Fiscal year 1966 program, technical cooperation.....	.5
Fiscal year 1967 program, technical cooperation.....	.7

Zambia¹

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,700,000; area, 288,000 square miles; GNP per capita, \$167]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	5.0	2.2	2.0	2.8
Other U.S. economic programs.....	22.4	22.4	4.7	
Total loans.....	27.4	24.6	6.7	2.8
GRANTS				
AID and predecessor agencies.....	2.7			
Food for peace: Emergency relief and eco- nomic development.....	.1			
Total grants.....	2.8	24.6	6.7	2.8

Fiscal year 1966 program, technical assistance.....	Millions \$1.2
Fiscal year 1967 program, technical assistance.....	1.3

¹ Figures include assistance to Northern Rhodesia during years prior to becoming the independent state of Zambia.

Far East, regional

[U.S. fiscal years; millions of dollars]

	Total, 1961-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies (total loans).....	1.5			1.5
GRANTS				
AID and predecessor agencies (total grants).....	9.7			1.5

Fiscal year 1966 program, technical cooperation.....	Millions \$2.7
Fiscal year 1967 program, technical cooperation.....	3.0

Regional, USAID-Africa

[U.S. fiscal years; millions of dollars]

	Total, 1964-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies (total grants).....	1.0			
Millions				
Total economic assistance.....				\$1.0
Fiscal year 1966 program, technical cooperation.....				.5
Fiscal year 1967 program, technical cooperation.....				.7

Africa Regional

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank: Long-term loans.....	12.5	2.9	5.2	9.6
Total loans.....	12.5	2.9	5.2	9.6
GRANTS				
AID and predecessor agencies.....	39.3			
Food for peace:				
Emergency relief and economic devel- opment.....	.4			
Voluntary relief agencies.....	1.9			
Total grants.....	41.6	2.9	5.2	9.6

¹ Loan to Portugal for Mozambique.

Millions				
Fiscal year 1966 program:				
Technical cooperation.....				\$9.6
Contingency Fund.....				1.0
Total.....				10.6
Fiscal year 1967 program, technical cooperation.....				17.4

FAR EAST

Burma, Cambodia, China, Hong Kong, Indochina (undistributed), Indonesia, Japan, Korea, Laos, Malaysia, Philippines, Ryukyu Islands, Thailand, Viet Nam, Far East regional.

Far East, total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	703.6	43.7	47.7	659.8
Food for peace.....	499.2	5.1	25.5	494.1
Export-Import Bank long-term loans.....	895.8	238.6	130.8	657.2
Other U.S. economic programs.....	823.9	268.0	70.2	555.9
Military assistance.....	34.8	14.3		20.5
Total loans.....	2,957.3	569.7	274.2	2,387.5
GRANTS				
AID and predecessor agencies.....	7,821.3			
Food for peace.....	1,481.1			
Other U.S. economic programs.....	3,967.0			
Military assistance.....	9,878.0			
Total grants.....	23,147.4	569.7	274.2	2,387.5

Millions				
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....				\$301.2
Sino-Soviet bloc assistance cumulative through 1965.....				101.0
Fiscal year 1967 program.....				799.0

NOTES

Supplemental appropriation requested in 1966 for \$89,000,000 to southeast Asia contingency fund, also \$415,000,000 in supplemental appropriations, \$200,000,000 subscribed to Asian Development Bank.

Burma

[U.S. fiscal years; millions of dollars]

[Population in 1965, 25,000,000; area 262,000 square miles; GNP per capita, \$67]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	33.7	0.2	2.7	33.5
Food for peace: Loans to governments.....	30.1		.8	30.1
Other U.S. economic programs.....	5.0	4.5	1.2	.5
Total loans.....	68.8	4.7	4.7	64.1
GRANTS				
AID and predecessor agencies.....	25.8			
Food for peace:				
Grants for economic development.....	7.9			
Assistance from other country sales agreements.....	5.0			
Voluntary relief agencies.....	3.4			
Total grants.....	42.1	4.7	4.7	64.1

Millions				
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....				\$3.8
Sino-Soviet bloc assistance cumulative through 1965.....				101.0
Fiscal year 1966 program, technical cooperation.....				.3
Fiscal year 1967 program, technical cooperation.....				.2

NOTE.—Other assistance classified.

Cambodia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 6,000,000; area, 67,000 square miles; GNP per capita, \$132]

	Total, 1955-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	253.0			
Food for peace:				
Emergency relief and economic devel- opment.....	2.9			
Voluntary relief agencies.....	.1			
Military assistance.....	87.1			
Total grants.....	343.1			

Thousands				
Total economic and military assistance.....				\$343,100
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....				33

NOTE.—GAO's opinion of review of the military assistance program for Cambodia (classified report to the Secretary of Defense): "Suggestions for improving controls and developing long-range cost estimates of the program." Date issued, Sept. 30, 1958.

Republic of China

[U.S. fiscal years; millions of dollars]

[Population in 1965, 12,900,000; area, 14,000 square miles; GNP per capita, \$189]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	219.9	14.1	21.7	205.8
Food for peace:				
Loans to private industry.....	13.9			
Loans to governments.....	34.4			
Dollar credit sales.....	39.2			
Total, food for peace.....	87.5	1.3	1.7	86.2
Export-Import Bank: Long-term loans.....	36.0	5.3	3.1	30.7
Other U.S. economic programs.....	195.5	26.3	3.9	69.2
Total loans.....	438.9	47.0	30.4	391.9

Republic of China—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies.....	1,155.2			
Food for peace:				
Grants for common defense.....	110.4			
Emergency relief and economic devel- opment.....	31.1			
Voluntary relief agencies.....	82.3			
Other U.S. economic programs.....	406.8			
Military assistance.....	2,530.8			
Total grants.....	4,316.6	47.0	30.4	391.9

¹ AID carries this amount as 502.3; 406.8 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$22.8

NOTES

GAO's opinion of economic and technical assistance program for China (Taiwan), fiscal years 1955-57: "General evaluation of the program plus specific needs for improved administrative practices and procedures." Date issued Aug. 29, 1958. Pertinent dollar amounts in millions, 225.

GAO's opinion of unofficial use and overstated needs of commercial-type vehicles by the Military Assistance Advisory Group and the Headquarters, Support Activity, Taipei, Republic of China. (Title is self-explanatory.) Date issued July 31, 1964.

GAO's opinion of review of the maintenance and supply support of Army equipment furnished under the military assistance program for Taiwan (classified). (All details are classified.) Date issued May 24, 1962.

GAO's opinion of review of the military assistance program for Taiwan (classified). (All details are classified.) Date issued June 27, 1961.

GAO's opinion of review of the military assistance program for Taiwan (classified report to the Secretary of Defense). (Details are classified.) Date issued Oct. 3, 1967.

Hong Kong

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,900,000; area, 400 square miles; GNP per capita, \$392]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
Food for peace:				
Emergency relief and economic devel- opment.....	3.9			
Voluntary relief agencies.....	36.2			
Total grants.....	40.1			

Millions

Total economic assistance..... \$40.1

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... 15.6

Grand total..... 55.7

Indochina, undistributed¹

[U.S. fiscal years; millions of dollars]

	Total, 1949-60	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	825.6			
Military assistance.....	709.6			
Total grants.....	1,535.2			

¹ Aid to Indochina after partition shown separately on tables for Vietnam, Cambodia, and Laos.

Millions

Total economic and military assistance..... \$1,535.2

Indonesia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 106,000,000; area, 576,000 square miles; GNP per capita, \$80]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	58.1	12.0	7.8	46.1
Food for peace:				
Loans to private industry.....	9.8			
Loans to governments.....	201.8			
Assistance from other country sales agreements.....	2.2			
Total.....	213.8	.6	1.2	213.2
Export-Import Bank, long-term loans.....	162.1	75.0	36.1	87.1
Other U.S. economic programs.....	¹ 63.6	28.9	18.8	34.7
Total loans.....	497.6	116.5	63.9	381.1
GRANTS				
AID and predecessor agencies.....	221.6			
Food for peace:				
Grants for common defense.....	30.7			
Grants for economic development.....	24.6			
Emergency relief and economic devel- opment.....	3.4			
Voluntary relief agencies.....	16.6			
Other U.S. economic programs.....	4.8			
Military assistance.....	68.9			
Total grants.....	370.6	116.5	63.9	381.1

¹ AID carries this amount as \$68,400,000—\$4,800,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$7.7

NOTES

GAO's opinion of inadequate planning, programing, and contracting for a fixed communications system for the Government of Indonesia under the military assistance program (classified). (Title is self-explanatory.) Date issued, Apr. 26, 1965.

GAO's opinion of review of the military assistance program for Indonesia (classified). (Details are classified.) Date issued, May 6, 1964.

Japan

[U.S. fiscal years; millions of dollars]

[Population in 1965, 97,000,000; area, 143,000 square miles; GNP per capita, \$651]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Food for peace: Loans to governments.....	105.5	2.3	20.6	103.2
Export-Import Bank long-term loans.....	467.4	94.5	69.3	372.9
Other U.S. economic programs ¹	¹ 504.0	94.9	28.5	409.1
Military assistance.....	34.8	14.3		20.5
Total loans.....	1,111.7	206.0	118.4	905.7
GRANTS				
AID and predecessor agencies.....	21.8			
Food for peace:				
Grants for economic development.....	.6			
Emergency relief and economic devel- opment.....	37.0			
Voluntary relief agencies.....	27.3			
Other U.S. economic programs.....	1,694.9			
Military assistance.....	1,040.8			
Total grants.....	2,822.4	206.0	118.4	905.7

¹ Includes civilian supplies \$2,184.6 million; surplus property credits \$14 million; and post-UNRRA \$6.2 million.² Aid carries this amount as \$2,198.9; \$1,694.9 of it is a grant. (See report, p. 63.)

Millions

Agricultural commodity export under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$204.6

NOTES

Military assistance excludes \$540 million of materiel provided from Department of Defense stocks.

GAO's opinion of review of the military assistance program for Japan, Mar. 31, 1957 (classified report to the Secretary of Defense). (Details are classified.) Date issued Oct. 3, 1957.

GAO's opinion of unnecessary payment by the United States of costs properly chargeable to Japan for administrative and related expenses of the MAP for Japan. (Title is self-explanatory.) Date issued June 27, 1963.

Korea

[U.S. fiscal years; millions of dollars]

[Population in 1965, 28,400,000; area 38,000 square miles; GNP per capita, \$120]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	151.9	3.6	1.6	148.3
Food for peace: Loans to private industry	7.2	.6	.2	6.6
Other U.S. economic programs ¹	24.9	4.0	2.5	20.9
Total loans	184.0	8.2	4.3	175.8
GRANTS				
AID and predecessor agencies	2,351.3			
Food for peace:				
Grants for common defense	419.0			
Emergency relief and economic devel- opment	68.8			
Voluntary relief agencies	163.7			
Other U.S. economic programs	834.4			
Military assistance	2,290.7			
Total grants	6,117.9	8.2	4.3	175.8

¹ Includes (in millions) CRIK \$420.2, civilian supplies \$292.1, Korean aid program \$121.6, surplus property credits \$24.9, and UNRRA \$0.6 million.

² AID carries this figure as 859.3; 834.4 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954 through Dec. 31, 1965 at export market prices \$14.0

NOTES

GAO's opinion of an examination of economic and technical assistance program for Korea, fiscal years 1957-61, pts. I and II: "Assistance exceeded country's economic and administrative capacities." Date issued Nov. 21, 1962. Pertinent dollar amounts in millions, 1,200.

GAO's opinion of review of contracts with McGraw-Hydrocarbon for the construction and operation of a fertilizer plant in Korea: "Recommends use of fixed-price contracts, incentive provisions in cost reimbursement-type projects, and more effective penalty provisions." Date issued Apr. 19, 1960. Pertinent dollar amounts in millions, 43.9.

GAO's opinion of mutual security program presentation to the Congress for fiscal year 1959 economic assistance for China, Korea, and Vietnam: "Recommendations for including more meaningful data in future program presentations." Date issued June 8, 1959.

GAO's opinion of administration of U.S. assistance program for Korea, fiscal years 1954-56: "Discloses general problem areas in program planning and implementation." Date issued June 24, 1957. Pertinent dollar amounts in millions, 845.9.

GAO's opinion on overprocurements resulting from ineffective supply management in Korea under the military assistance program. (Title is self-explanatory.) Date issued May 28, 1965.

GAO's opinion of review of the local currency military budget support program for Korea: "Weaknesses in U.S. controls over the program and deficiencies in its administration by the Republic of Korea Army." Date issued Jan. 8, 1963.

GAO's opinion of review of maintenance and supply support of Army equipment furnished under MAP for Korea (classified): "Some inefficiency of maintenance and supply of army vehicles." Date issued June 8, 1962.

GAO's opinion of review of military assistance program requirements for the Army and Air Force of Korea (classified). "Unneeded items requisitioned and program overstated."

GAO's opinion of review of the military assistance program for Korea, Mar. 31, 1957 (classified report to the Secretary of Defense). (Details are classified.) Date issued Oct. 4, 1957.

Laos

[U.S. fiscal years; millions of dollars]

[Population in 1965, 3,000,000; area, 91,000 square miles; GNP per capita, \$60]

	Total, 1953-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies	414.9			
Food for peace:				
Emergency relief and economic devel- opment	.9			
Voluntary relief agencies	2.7			
Total grants	418.5			

Thousands

Total economic assistance \$418,500
 Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices 74
 Fiscal year 1966 program, technical cooperation 12,000
 Fiscal year 1967 program, technical cooperation 16,000

NOTES

All military assistance classified; other economic assistance classified.

GAO's opinion of economic and technical assistance program for Laos, fiscal years 1955-57: "Improvements needed in various administrative practices and procedures, including the negotiation of a realistic exchange rate." Date issued, Oct. 8, 1958. Pertinent dollar amounts, \$134,400,000.

GAO's opinion of review of military assistance program for Laos (classified report to the Secretary of Defense): "Suggestions for improving controls and developing long-range cost estimates of the program." Date issued, Oct. 30, 1958.

GAO's opinion of the followup review of economic and technical assistance program for Laos, December 1958: "Observations on various administrative practices and procedures." Date issued, July 31, 1959.

Malaysia

[U.S. fiscal years; millions of dollars]

[Population in 1965, 10,853,000; area 28,000 square miles; GNP per capita, \$284]

	Total, 1953-56	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	20.0	4.4	1.3	15.6
Total loans	20.0	4.4	1.3	15.6
GRANTS				
Food for peace: Voluntary relief agencies	9.2			
Other U.S. economic programs	8.3			
Military assistance	.1			
Total grants	17.6			

Million

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$1.5

Philippines

[U.S. fiscal years; millions of dollars]

[Population in 1965, 32,000,000; area 6,000 square miles; GNP per capita \$153]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	47.5	6.7	3.6	40.8
Food for peace:				
Loans to private industry	9.1			
Loans to governments	15.4			
Total, food for peace	24.5	.2	.6	24.3
Export-Import Bank: Long-term loans	178.9	55.0	16.3	123.9
Other U.S. economic programs ¹	106.7	103.1	14.2	3.6
Total loans	357.6	165.0	34.7	192.6
GRANTS				
AID and predecessor agencies	226.6			
Food for peace:				
Grants for common defense	10.1			
Grants for economic development	2.9			
Assistance from other country sales agreements	.5			
Emergency relief and economic devel- opment	1.5			
Voluntary relief agencies	65.5			
Other U.S. economic programs	756.5			
Military assistance	467.7			
Total grants	1,531.3	165.0	34.7	192.6

¹ Includes Philippines rehabilitation grants, \$634,000,000; RFC loans, \$60,000,000; debt funding, \$37,500,000; civilian supplies, \$28,300,000; surplus property credits, \$9,200,000; UNRRA, \$7,700,000; Philippine war damage claims, \$73,000,000; Peace Corps, \$13,000,000.

² AID carries this figure as 863.3; 756.5 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$26.0
 Fiscal year 1966 program: Technical cooperation \$3.7
 Fiscal year 1967 program: Technical cooperation 3.4

NOTE.—GAO's opinion of review of economic assistance provided to the Republic of the Philippines for development purposes (classified report): "Limited accomplishments of specific projects reviewed." Date issued Apr. 21, 1965. Pertinent dollar amounts, \$70,200,000.

Ryukyu Islands

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Other U.S. economic programs ¹	18.0		0.3	18.0
Food for peace: Dollar credit sales.....	21.1			21.1
Total loans.....	39.1		.3	39.1
GRANTS				
Food for peace:				
Assistance from other country sales agreements.....	4.4			
Emergency relief and economic devel- opment.....	8.3			
Voluntary relief agencies.....	17.3			
Other U.S. economic programs.....	255.6			
Total grants.....	285.6		.3	39.1

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$0.9

¹ Includes relief and economic aid in liberated and occupied area, \$255,600,000; and administrative area development, \$18,000,000.

² AID carries this amount as \$273,600,000; \$255,600,000 of it as a grant.

Thailand

[U.S. fiscal years; millions of dollars]

[Population in 1965, 29,000,000; area, 198,000 square miles; GNP per capita, \$114]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	74.2	1.9	6.5	72.3
Food for peace:				
Assistance from other country sales agree- ments.....	1.9			
Loans to governments.....	1.8			
Export-Import Bank: Long-term loans.....	3.7		.3	3.7
Other U.S. economic programs.....	51.4	8.7	6.0	42.7
Total loans.....	135.5	16.8	13.6	118.7
GRANTS				
AID and predecessor agencies.....	291.4			
Food for peace:				
Emergency relief and economic devel- opment.....	.2			
Voluntary relief agencies.....	.9			
Other U.S. economic programs.....	5.7			
Military assistance.....	4.6			
Total grants.....	302.8	16.8	13.6	118.7

¹ AID carries this figure as \$11,200,000; \$5,700,000 of it is a grant.
Other military assistance classified.

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$4.5

Fiscal year 1966 program:
 Technical cooperation..... 13.0
 Contingency fund (southeast Asia programs)..... 7.5
 Total..... 20.5
Fiscal year 1967 program, technical cooperation..... 13.5

NOTES

GAO's opinion of examination of economic and technical assistance program for Thailand, fiscal years 1955-60: "General evaluation of progress made in selected projects and of practices followed in importing commodities." Date issued Aug. 21, 1961. Pertinent dollar amounts in millions, 214.

GAO's opinion of ineffective and overly costly aspects of military and economic assistance provided to Thailand (classified report). (Title describes the unclassified aspects of the report.) Date issued Feb. 17, 1965.

GAO's opinion of review of the utilization and maintenance of Army equipment furnished under the MAP for Thailand (classified). (Details are classified.) Date issued Aug. 31, 1962.

Vietnam

[U.S. fiscal years; millions of dollars]

[Population in 1965, 16,000,000; area, 66,000 square miles; GNP per capita, \$115]

	Total 1954-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	88.0	0.7	1.7	87.3
Food for peace: Loans to private industry.....	5.7			5.7
Total loans.....	93.7	.7	1.7	93.0
GRANTS				
AID and predecessor agencies.....	1,996.5			
Food for peace:				
Grants for common defense.....	141.0			
Emergency relief and economic devel- opment.....	69.7			
Voluntary relief agencies.....	76.6			
Military assistance.....	6.1			
Total grants.....	2,289.9	.7	1.7	93.0

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$0.1

Other military assistance classified.

Fiscal year 1966 program:
 Technical cooperation..... 9.1
 Supporting assistance..... 1475.0
 Contingency fund (southeast Asian program)..... 57.0
 Commercial imports supplemented by sales of agricultural commodities
 under Public Law 480..... 75.2
 Total..... 616.3
Surplus food committed for fiscal year 1966 obligated for fiscal year 1966 to im-
prove economic conditions..... 161.0
Total..... 813.3

Fiscal year 1967 program:
 Supporting assistance..... 550.0
 Commercial imports supplemented by sales of agricultural commodities
 under Public Law 480..... 79.3
 Total..... 629.3

¹ Includes \$275,000,000 of fiscal year 1966 supplemental request.

NOTES

GAO's opinion of certain problems relating to administration of the economic and technical assistance program for Vietnam for 1958-62: "Inability or unwillingness of the foreign government to use country resources to support activities being supported by the United States plus ineffective administration by AID." Date issued, July 24, 1964. Pertinent dollar amount—\$763,000,000.

GAO's opinion of review of the administration of assistance for financing commercial imports and other financial elements under the economic and technical assistance for Vietnam: "Unjustified assistance and unnecessary costs." Date issued, July 24, 1964 (see related report above).

GAO's opinion of review of economic aspects of loan for construction of water supply system in Saigon, Vietnam: "Nonexistent basis for evaluating a choice between 2 water supply systems." Date issued, Sept. 17, 1963. Pertinent dollar amount—\$17,500,000.

GAO's opinion of review of the mutual security program presentation to the Congress for fiscal year 1961 for economic assistance to Korea, Pakistan, and Vietnam: "Suggestions for revealing more meaningful data in budget presentations." Date issued Mar. 29, 1961. Same opinion of review on the above date June 8, 1959.

GAO's opinion of economic and technical assistance programs for Vietnam fiscal years 1955-57: "General evaluation of program practices, and need for realistic exchange rates." Date issued, May 22, 1958. Pertinent dollar amount in millions—\$787,200,000.

GAO's opinion of summary of reviews of the maintenance and supply support of Army equipment furnished to Far East countries under the MAP: "Maintenance and supply deficiencies resulting in defective equipment plus planned procurement of vehicles in excess of requirements." Date issued, Aug. 31, 1962.

GAO's opinion of management of spare parts for Army equipment provided to Far East countries: "Supply management deficiencies." Date issued, Oct. 13, 1961.

GAO's opinion of review of the military assistance program for Vietnam (classified report to the Secretary of Defense): "Suggestions for improving controls and developing long-range cost estimates of the program." Date issued, Nov. 26, 1958.

Far East regional

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies (total loans)	10.3		0.6	10.3
GRANTS				
AID and predecessor agencies	37.6			
Food for peace: Voluntary relief agencies	4.5			
Military assistance	2,671.5			
Total grants	2,713.6		.6	10.3

Millions

Fiscal year 1966 program, technical cooperation..... \$1.0
 Fiscal year 1967 program, technical cooperation..... 15.0

NOTES

Other assistance classified.
 U.S. will finance 50 percent of the Nam Ngum hydroelectric dam on a tributary of the Mekong at Laos which will amount to \$11,800,000 out of fiscal year 1966 funds.

EUROPE

Albania, Austria, Belgium-Luxembourg, Czechoslovakia, Denmark, East Germany, Finland, France, Germany (Federal Republic), Berlin, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, United Kingdom, U.S.S.R., Yugoslavia, Europe regional.

Europe—total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	1,876.7	619.4	502.8	1,257.3
Food for peace	1,013.9	107.7	68.3	906.2
Export-Import Bank long-term loans	3,158.6	1,758.0	689.7	1,400.6
Other U.S. economic programs	5,695.2	2,193.2	1,189.2	3,502.0
Military assistance	125.6	100.8		24.8
Total loans	11,870.0	4,779.1	2,450.0	7,090.9
GRANTS				
AID and predecessor agencies	13,353.0			
Food for peace	1,320.3			
Other U.S. economic programs	4,124.0			
Military assistance	16,066.0			
Total grants	34,863.8	4,779.1	2,450.0	7,090.9

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$1,124.0
 World War I debt, June 30, 1965, principal and interest due and unpaid..... 14,408.4

NOTES

GAO's opinion of U.S. contributions to European Payments Union (succeeded by European Fund): "Factual summary of the background, purpose, operating mechanism, and terms of the U.S. contribution." Date issued Nov. 6, 1959. Pertinent dollar amounts, \$350,000,000.

GAO's opinion of examination of \$100,000,000 loan to European Coal and Steel Community: "Informative summary of broad policy matters involved in the project." Date issued Mar. 13, 1958. Pertinent dollar amounts \$100,000,000.

GAO's opinion of lack of effective action by the military services to obtain NATO cost sharing of military construction projects in Europe (classified). Title is self-explanatory. Date issued, June 4, 1965.

GAO's opinion of inefficient utilization of personnel to administer the MAP in advanced Western European countries (including a classified supplement): "Overstaffing in relation to substantially reduced programs." Date issued Apr. 2, 1964.

Albania

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
[NO LOANS]				
GRANTS				
Other U.S. economic programs ¹	20.4			
Total grants	20.4			

Millions

Total economic assistance..... \$20.4

¹ United Nations Relief and Rehabilitation Administration.

NOTE.—No activity subsequent to fiscal year 1947.

Austria

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Food for peace: Loans to governments	25.5	0.4	2.9	25.1
Export-Import Bank long-term loans	62.9	20.5	8.3	42.4
Other U.S. economic programs	11.7	11.4	2.3	.3
Total loans	100.1	32.3	13.5	67.8
GRANTS				
AID and predecessor agencies	726.1			
Food for peace:				
Emergency relief and economic development	28.1			
Voluntary relief agencies	27.4			
Other U.S. economic programs	316.4			
Total grants	1,098.0	32.3	13.5	67.8

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$59.0
 World War I debt June 30, 1965: Principal and interest due and unpaid..... 23.4

¹ AID carries this amount as \$328,100,000; \$316,400,000 of it is a grant.

NOTES

All military assistance classified.
 The Federal Republic of Germany has recognized liability for securities falling due between Mar. 12, 1933, and May 8, 1945.

Belgium-Luxembourg

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	68.0	16.9	21.5	51.1
Export-Import Bank long-term loans	139.8	116.6	38.1	23.2
Other U.S. economic programs	31.0	25.3	3.4	5.7
Military assistance	8.4	7.5		.9
Total loans	247.2	166.3	63.0	80.9
GRANTS				
AID and predecessor agencies	492.0			
Food for peace: Voluntary relief agencies	.2			
Other U.S. economic programs	1.1			
Military assistance	1,246.2			
Total	1,739.5	166.3	63.0	80.9

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... \$120.6
 World War I debt, June 30, 1965, principal and interest due and unpaid..... \$457.2

¹ AID carries this figure as \$32,100,000; \$1,100,000 of it is a grant.

Czechoslovakia

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Other U.S. economic programs ¹	7.6	2.7	0.7	4.9
Total loans.....	7.6	2.7	.7	4.9
GRANTS				
Food for peace: Emergency relief and economic development ²	2.0			
Other U.S. economic programs.....	183.4			
Total grants.....	185.4	2.7	.7	4.9

Millions

World War I debt, June 30, 1965, principal and interest due and unpaid..... \$177.6

¹ Includes UNRRA, \$183.4 million; and surplus property credits \$7.6 million.² AID carries this figure as \$191,000,000; \$183,400,000 of it is a grant.³ Danube flood assistance through the Red Cross in fiscal year 1955.

Denmark

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	33.3	3.3	10.3	30.0
Export-Import Bank: Long-term loans.....	20.0	18.7	6.0	1.3
Other U.S. economic programs.....	1.0	1.0	.1	
Total loans.....	54.3	23.0	16.4	31.3
GRANTS				
AID and predecessor agencies.....	247.5			
Military assistance.....	621.3			
Total grants.....	868.8	23.0	16.4	31.3

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$10.6¹ Does not include loan of \$2,300,000 from fiscal year 1955, sec. 402 program which is included in Europe regional.

East Germany

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
Food for peace: Emergency relief and economic development (total).....	10.8			

Millions

Total economic assistance..... \$0.8

¹ Danube flood assistance through Red Cross, fiscal year 1955.

Finland

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Food for peace:				
Loans to private industry.....	4.5			
Loans to governments.....	24.5			
Total, food for peace.....	29.0	0.8	3.3	28.2
Export-Import Bank: Long-term loans.....	77.7	30.4	37.4	47.3
Other U.S. economic programs.....	124.8	17.4	5.9	7.4
Total loans.....	131.5	48.6	46.6	82.9

Finland—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
Food for peace: Voluntary relief agencies.....	2.2			
Other U.S. economic programs.....	1.8			
Total grants.....	4.0	48.6	46.6	82.9

¹ AID carries this figure as \$26,600,000; \$1,800,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$11.2
World War I debt, June 30, 1965, principal and interest due and unpaid..... 5.1

France

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS¹				
AID and predecessor agencies.....	225.6	225.6	51.2	
Food for peace: Loans to private industry.....	7.8	3.2	1.5	4.6
Export-Import Bank long-term loans.....	1,221.4	1,035.8	434.7	185.6
Other U.S. economic programs.....	394.4	193.0	118.3	201.4
Military assistance.....	80.4	80.0		.4
Total loans.....	1,929.6	1,537.6	605.7	392.0
GRANTS				
AID and predecessor agencies.....	2,964.7			
Food for peace: Voluntary relief agencies.....	12.2			
Other U.S. economic programs.....	314.7			
Military assistance.....	4,180.4			
Total grants.....	7,472.0	1,537.6	605.7	392.0

¹ AID carries this amount as \$709,100,000; \$314,700,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$63.5
World War I debt, June 30, 1965, principal and interest due and unpaid..... 4,688.5

Germany (Federal Republic)

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	216.9	2.6	66.1	214.3
Export-Import Bank: Long-term loans.....	2.3	2.3	1.9	
Other U.S. economic programs ¹	1,016.9	1,006.0	174.9	10.9
Total loans.....	1,236.1	1,010.9	242.9	225.2
GRANTS				
AID and predecessor agencies.....	1,255.5			
Food for Peace:				
Emergency relief and economic devel- opment.....	3.4			
Voluntary relief agencies.....	136.9			
Other U.S. economic programs.....	1,411.5			
Military assistance.....	951.6			
Total grants.....	3,758.9	1,010.9	242.9	225.2

¹ Includes civilian supplies \$2,205,700,000; surplus property credits \$216,900,000; and UNRRA and post-UNRRA \$5,700,000.² AID carries this figure as \$2,428,400,000; \$1,411,500,000 of it is a grant. (See report p. 123).

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through
Dec. 31, 1965, at export market prices..... \$154.0

NOTES

GAO's opinion of review of administrative costs of the U.S. military assistance program chargeable to the Federal Republic of Germany: "Failure to collect costs due the United States." Date issued Feb. 29, 1960.

GAO's opinion of review of the military assistance program for the Federal Republic of Germany, Mar. 31, 1957 (classified report to the Secretary of Defense). (Details are classified.) Date issued Aug. 30, 1957.

NOTES

GAO's opinion of review of license fees being charged the U.S. Government for the right to produce the SS-11 antitank guided missile mutually developed by France and the United States (classified): "Questions the need to pay the fees." Date issued Feb. 15, 1963.

GAO's opinion of review of payments made by the United States for the construction of airfields in France (classified): "Failure to claim reimbursement from NATO for airfields constructed by the USAF." Date issued Aug. 13, 1962.

GAO's opinion of review of the military assistance program for France, March 1957 (classified report to the Secretary of Defense). (Details are classified). Date issued Aug. 30, 1957.

GAO's opinion of review of the administration of the mutual defense assistance program for France and Turkey (classified report to the Assistant Secretary of Defense): "Programming based on unverified data from the countries, plus other classified matters." Date issued June 19, 1956.

Berlin

[U.S. fiscal years; millions of dollars]

	Total, 1953-55	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
AID and predecessor agencies.....	119.0			
Other U.S. economic programs.....	12.9			
Total grants.....	131.9			

Total economic assistance..... *Millions*
\$131.9

NOTE.—Berlin received substantial assistance under a variety of programs: GARIOA, the blockade and stockpile programs, and various counterpart and U.S.-owned foreign currency programs. These programs are not identified in the report used for this study (the one used for these figures) as benefiting Berlin because of "double-counting" problems. Total assistance to Berlin in the postwar period including all the various programs was \$1,094,000.

Hungary

[U.S. fiscal years; millions of dollars]

	Total, 1946-57	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Other U.S. economic programs ¹ (total loans).....	² 15.9	9.0	5.1	6.9
GRANTS				
Food for peace: Emergency relief and economic development.....	³ 13.2			
Other U.S. economic programs.....	2.4			
Total grants.....	15.6	9.0	5.1	6.9

¹ Includes UNRRA, \$2,400,000; and overseas surplus credits, \$15,900,000.

² AID carries this figure as \$18,300,000; \$2,400,000 of it is a grant. (See report, p. 125.)

³ Includes \$6,100,000 in Danube flood assistance through the Red Cross in fiscal years 1955 and 1956, and \$7,100,000 in relief assistance to Hungarian refugees in fiscal year 1957 through Catholic Relief Services, Church World Services, and other charitable organizations.

World War I debt, June 30, 1965, principal and interest due and unpaid* *Millions*
\$2.9

* Interest payments from Dec. 15, 1932, to Jan. 15, 1937, were in pengo equivalent.

NOTE.—No activity subsequent to 1957.

Iceland

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	24.7	5.5	4.9	19.2
Food for peace:				
Loans to governments.....	12.5			
Dollar credit sales.....	2.6			
Total.....	15.1	.4	1.2	14.7
Export-Import Bank, long-term loans.....	.5	.1		.4
Other U.S. economic programs.....	.4	.2		.2
Total loans.....	40.7	6.2	6.1	34.5

Iceland—Continued

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
GRANTS				
AID and predecessor agencies.....	35.5			
Food for peace: Grants for economic devel- opment.....	.2			
Total grants.....	35.7	6.2	6.1	34.5

¹ Excludes \$600,000 of local currency loans obtained from sales of surplus agricultural commodities to Denmark and the Netherlands. This was credited as "assistance" to Europe regional (\$1,300,000 in fiscal year 1955) and Netherlands (\$400,000 in fiscal year 1954).

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... *Millions*
\$15,000

Ireland

[U.S. fiscal years; millions of dollars]

	Total, 1946-55	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	128.2	14.9	40.5	113.3
Total loans.....	128.2	14.9	40.5	113.3
GRANTS				
AID and predecessor agencies.....	18.3			
Total grants.....	18.3	14.9	40.5	113.3

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... *Millions*
\$49.4

NOTE.—No activity subsequent to fiscal year 1955.

Italy

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	95.6	95.6	21.1	
Food for peace:				
Loans to private industry.....	3.6			
Loans to Governments.....	92.8			
Total.....	96.4	94.6	3.1	1.8
Export-Import Bank long-term loans.....	461.7	178.5	29.5	283.2
Other U.S. economic programs.....	¹ 209.3	191.4	59.4	17.9
Military assistance.....	.4	.2		.2
Total loans.....	863.4	560.3	113.1	303.1
GRANTS				
AID and predecessor agencies.....	1,554.7			
Food for peace:				
Emergency relief and economic devel- opment.....	91.6			
Voluntary relief agencies.....	271.3			
Other U.S. economic programs.....	961.7			
Military assistance.....	2,310.9			
Total grants.....	5,190.2	560.3	113.1	303.1

¹ AID carries this figure as \$1,171,000,000—\$961,700,000 of it is a grant.

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... *Millions*
\$35.8
World War I debt June 30, 1965, principal and interest due and unpaid..... 1,006.1

Netherlands

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	152.5	87.0	40.8	65.5
Export-Import Bank long-term loans	202.2	202.2	43.9	
Other U.S. economic programs	² 34.1	34.1	4.6	
Military assistance	2.2	2.2		
Total loans	391.0	325.5	89.3	65.5
GRANTS				
AID and predecessor agencies	839.1			
Other U.S. economic programs	1.9			
Military assistance	1,240.3			
Total grants	2,081.3	325.5	89.3	65.5

¹ Excludes \$101,400,000 of fiscal year 1949 and 1950 aid to Indonesia channeled through the Netherlands.² AID carries this figure as \$36,000,000; \$1,900,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$145.4

Norway

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	39.2	14.2	10.9	25.0
Export-Import Bank long-term loans	100.0	45.8	14.3	54.2
Other U.S. economic programs	¹ 24.2	24.2	4.0	
Total loans	163.4	84.2	29.2	79.2
GRANTS				
AID and predecessor agencies	237.6			
Other U.S. economic programs	8			
Military assistance	852.6			
Total grants	1,091.0	84.2	29.2	79.2

¹ AID carries this figure as \$25,000,000; \$800,000 of it is a grant.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$29

Poland

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	61.0	5.2	17.0	55.8
Export-Import Bank: Long-term loans	40.0	24.3	16.2	15.7
Other U.S. economic programs ²	³ 37.7	23.2	11.7	14.5
Total loans	138.7	52.7	44.9	86.0
GRANTS				
Food for peace: Voluntary relief agencies	45.5			
Other U.S. economic programs	364.0			
Total grants	409.5	52.7	44.9	86.0

¹ Excludes \$10,400,000 in grants to the Krakow Hospital shown as a nonregional program.² Includes UNRRA, \$364,000,000 and surplus property credits, \$37,700,000.³ AID carries this amount as \$401,700,000; \$364,000,000 of it is a grant.

NOTE.—GAO's opinion of ineffective administration of U.S. assistance to Children's Hospital in Poland by the Agency for International Development and the Department of State: "Agency responsibility was not defined and Congress was not informed of need for appropriation to complete project." Date issued, June 17, 1964. Pertinent dollar amounts, \$10,500,000.

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$25.4
World War I debt, June 30, 1965—Principal and interest due and unpaid 325.5

Portugal

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	36.1	9.5	10.6	26.6
Food for peace:				
Loans to governments	3.4			
Dollar credit sales	24.1			
Total	27.5	3.8	1.7	23.7
Export-Import Bank long-term loans	59.1		3.2	59.1
Total loans	122.7	13.3	15.5	109.4
GRANTS				
AID and predecessor agencies	15.0			
Food for peace: Voluntary relief agencies	45.3			
Military assistance	333.7			
Total grants	394.0	13.3	15.5	109.4

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$14.4

NOTES

GAO's opinion of followup review of Department of Defense action to cancel excessive procurement and redistribute aircraft spare parts program for or delivered to Portugal under the military assistance program: "Action is being taken to cancel procurements and redistribute excesses." Date issued August 14, 1964.

GAO's opinion on ineffective programing, delivery and utilization of aircraft and related equipment furnished to the Portuguese Air Force under MAP (classified). Date issued Sept. 17, 1963. (Additional details are classified.) (Reaffirmation of May 29, 1963, report.)

Same opinion as above issued on May 29, 1963.

Spain

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies	99.2	31.8	25.6	67.4
Food for peace: Loans to governments	239.0	.6	22.3	238.4
Export-Import Bank long-term loans	278.9	37.9	29.0	241.0
Total loans	671.1	70.3	76.9	546.8
GRANTS				
AID and predecessor agencies	477.8			
Food for peace:				
Grants for common defense	9.9			
Emergency relief and economic development	3.8			
Voluntary relief agencies	171.5			
Military assistance	583.8			
Total grants	1,246.8	70.3	76.9	546.8

Millions

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices \$44.8

NOTES

GAO's opinion of deficiencies in the military assistance program for the Spanish Army (classified). (Details are classified.) Date issued Sept. 28, 1964.

GAO's opinion of review of the military assistance program for Spain (classified). Date issued June 27, 1961.

GAO's opinion of review of the military assistance program for Spain, Mar. 31, 1957 (Classified report to the Secretary of Defense.) (Details are classified.) Date issued Aug. 30, 1957.

Sweden

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	20.4	20.4	4.7	
Other U.S. economic programs.....	1.6	1.6	.2	
Total loans.....	22.0	22.0	4.9	
GRANTS				
AID and predecessor agencies.....	86.5			
Other U.S. economic programs.....	.5			
Total grants.....	87.0	22.0	4.9	

¹ AID carries this figure as 2.1 — 0.5 of it is a grant.
(See report p. 134.)

Total economic assistance.....	Millions \$109.0
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	16.2
Grand total.....	125.2

United Kingdom

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	384.8	44.3	117.0	340.5
Export-Import Bank long-term loans.....	252.1	2.1	.1	250.0
Other U.S. economic programs ¹	2,828.5	652.7	797.6	3,175.8
Total loans.....	4,465.4	699.1	914.7	3,766.3
GRANTS				
AID and predecessor agencies.....	3,450.1			
Food for peace: Voluntary relief agencies.....	.3			
Other U.S. economic programs.....	8.4			
Military assistance.....	1,034.6			
Total grants.....	4,493.4	699.1	914.7	3,766.3

¹ Includes British loan, \$3,750,000,000; surplus property credits, \$60,000,000; and lend-lease silver credit, \$18,500,000.

² AID carries this figure as \$3,836,900,000; \$8,400,000 of it is a grant. (See report, p. 135.)

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	Millions \$311.0
World War I debt, June 30, 1965, principal and interest due and unpaid.....	6,837.7

U.S.S.R.

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
(NO LOANS)				
GRANTS				
Other U.S. economic programs ¹	186.4			
Total grants.....	186.4			

¹ United Nations Relief and Rehabilitation Administration.

Total economic assistance.....	Millions \$186.4
World War I debt, Jan 1960, 1965, principal and interest due and unpaid.....	640.7
Grand total.....	827.1

Yugoslavia

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies.....	188.2	14.5	24.4	173.7
Food for peace:				
Loans to governments.....	399.9			
Dollar credit sales.....	173.7			
Total.....	573.6	4.0	32.2	566.6
Export-Import Bank long-term loans.....	105.0	42.8	26.5	62.2
Military assistance.....	1.7	1.3		.4
Total loans.....	868.5	62.6	83.1	805.9
GRANTS				
AID and predecessor agencies.....	386.3			
Food for peace:				
Grants for economic development.....	188.2			
Emergency relief and economic development.....	47.2			
Voluntary relief agencies.....	213.5			
Other U.S. economic programs ¹	335.7			
Military assistance.....	693.9			
Total grants.....	1,864.8	62.6	83.1	805.9

¹ Includes UNRRA \$298,100,000; and emergency relief, \$37,600,000.

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	Millions \$28.1
World War I debt, June 30, 1965, principal and interest due and unpaid.....	44.8

NOTE.—GAO's opinion of understatement of claims against the United Arab Republic and Yugoslavia for recovery of excessive ocean transportation costs financed by the Commodity Credit Corporation under title I, Agricultural Trade Development and Assistance Act of 1954. (Title is self-explanatory.) Date issued, Mar. 13, 1964. Pertinent dollar amounts, \$278,000.

Europe regional

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	103.0	28.3	36.3	74.7
Export-Import Bank long-term loans.....	135.0		.5	135.0
Other U.S. economic programs ²	56.1		1.0	56.1
Military assistance.....	32.5	9.6		22.9
Total loans.....	326.6	37.9	37.8	288.7
GRANTS				
AID and predecessor agencies.....	447.6			
Food for peace:				
Assistance from other country agree-ments ³	.8			
Voluntary relief agencies ⁴	4.8			
Military assistance.....	2,016.7			
Total grants.....	2,469.9	37.9	37.8	288.7

¹ Includes fiscal year 1954 loan of \$100,000,000 to Coal & Steel Community; fiscal year 1955 sec. 402 program in Denmark, \$2,300,000 being serviced by Denmark, \$300,000 by Iceland.

² Loans under the EURATOM Cooperation Act.

³ Aid to San Marino from Italian Lira.

⁴ Represents aid to Malta.

CANADA-OCEANIA

Canada, Australia, New Zealand, Trust Territory of the Pacific, regional.

Canada

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Other U.S. economic programs ¹	17.5	17.5	1.3	.....
Export-Import Bank: Long-term loans.....	5.7	5.7	0.7	.....
Total loans.....	23.2	23.2	2.0	.....
GRANTS				
Military assistance.....	13.1	.....	.....	.....
Total grants.....	13.1	23.2	2.0	.....

¹ Represents \$6,000,000 for defense mobilization development; and \$11,500,000 for strategic materials development.

Total economic and military assistance.....	Millions \$36.3
Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices.....	3.7
Grand total.....	40.0

Oceania—Total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank long term loans.....	19.6	17.4	6.2	2.2
Other U.S. economic programs.....	12.9	12.5	.1	.4
Military assistance.....	119.4	66.0	1.0	53.4
Total loans.....	151.9	95.9	7.3	56.0
GRANTS				
Food for peace: Voluntary relief agencies.....	.4	.....	.....	.....
Other U.S. economic programs.....	106.4	.....	.....	.....
Military assistance.....	3.0	.....	.....	.....
Total grants.....	109.8	95.9	7.3	56.0

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... Millions
\$9.8

NOTE.—GAO's opinion of review of central rebuild of World War II vehicles and assemblies in the Pacific Area Command under the military assistance program (classified): "Suggesting improvements in the assembly rebuild program." Date issued Apr. 27, 1962.

Australia

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank long-term loans.....	7.4	6.0	3.1	1.4
Other U.S. economic programs ¹	² 7.8	7.8	.....	.....
Military assistance.....	117.7	65.3	1.0	52.4
Total loans.....	132.9	79.1	4.1	53.8
GRANTS				
Other U.S. economic programs.....	.2	.....	.....	.....
Total grants.....	.2	79.1	4.1	53.8

¹ Includes surplus property credits \$7,800,000, and UNRRA \$200,000.

² AID carries this figure as 8.0—0.2 of it is a grant.

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... Millions
\$9.5

New Zealand

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Export-Import Bank, long-term loans.....	12.2	11.4	3.1	0.8
Other U.S. economic programs ¹	4.3	3.9	.....	.4
Military assistance.....	1.7	.7	.....	1.0
Total loans.....	18.2	16.0	3.1	2.2
GRANTS				
Military assistance.....	3.0	.....	.....	.....
Total grants.....	3.0	16.0	3.1	2.2

¹ Represents surplus property credits.

Agricultural commodity exports under barter contracts from July 1, 1954, through Dec. 31, 1965, at export market prices..... Millions
\$0.3

Trust Territory of the Pacific Islands

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
Other U.S. economic programs (total loans).....	10.8	0.8	0.1	.....
GRANTS				
Food for peace: Voluntary relief agencies.....	.4	.....	.....	.....
Other U.S. economic programs.....	106.2	.....	.....	.....
Total grants.....	106.6	.8	.1	.....

¹ AID carries this figure as \$107,000,000; \$106,200,000 of it is a grant.

Total economic assistance..... Millions
\$107.4

Nonregional, total

[U.S. fiscal years; millions of dollars]

	Total, 1946-65	Prin- cipal repay- ments	Interest collected	Prin- cipal out- standing
LOANS				
AID and predecessor agencies ¹	² 21.4	9.2	7.0	12.2
Other U.S. economic programs ¹	³ 141.3	34.2	3.0	107.1
Military assistance.....	14.8	.....	.....	14.8
Total loans.....	177.5	43.4	10.0	134.1
GRANTS				
AID and predecessor agencies ¹	² 2,457.3	.....	.....	.....
Food for peace:	.....	.....	.....	.....
Emergency relief and economic development.....	26.2	.....	.....	.....
Voluntary relief agencies ⁴	331.5	.....	.....	.....
Other U.S. economic programs ¹	1,769.8	.....	.....	.....
Military assistance.....	1,016.7	.....	.....	.....
Total grants.....	5,601.5	43.4	10.0	134.1

¹ Excludes subscriptions to International Monetary Fund of \$2,750,000,000 in fiscal year 1946, \$1,375,000,000 in fiscal year 1959, and \$258,800,000 in fiscal year 1965. The latter was a gold subscription for a U.S. quota increase not yet effective.

² Data excludes \$10,500,000, \$10,000,000, and \$9,600,000 in fiscal years 1963, 1964, and 1965, respectively of Alliance for Progress funds obligated for nonregional programs.

³ AID carries this figure as \$1,911,100,000; \$1,769,800,000 of it is a grant.

⁴ Title III ocean freight paid from title II funds.

General Accounting Office reports issued to the Congress July 1, 1955, through Dec. 31, 1965, relating to foreign aid programs (incorporating information requested by Senator Everett M. Dirksen)

	Reference	Date issued	Pertinent dollar amounts (in millions)
ECONOMIC ASSISTANCE			
Examination of financial statements of the Export-Import Bank of Washington, fiscal year 1965 (opinion on financial statements).	B-114823	Nov. 29, 1965	(1)
Questionable aspects of budget-support loans made to the Government of Ecuador (loans made without insisting that the foreign government develop or utilize other domestic financial resources).	B-146998	Apr. 29, 1965	\$15.0 (a)
Followup examination on certain aspects of United States assistance to the Central Treaty Organization for a rail link between Turkey and Iran (loan for equipment known to be unneeded).	B-146849	do	.543 (a)
Review of economic assistance provided to the Republic of the Philippines for development purposes (classified report) (limited accomplishments of specific projects reviewed).	B-146984	Apr. 21, 1965	70.2 (c)
Ineffective utilization of excess property in the foreign assistance program (procurement of new equipment instead of utilizing available excess property).	B-146995	Apr. 12, 1965	3.5 (b)
Audit of Export-Import Bank of Washington, fiscal year 1964 (opinion on financial statements and disclosure of increased interest expense to U.S. Government).	B-114823	Mar. 8, 1965	(1)
Unnecessary dollar grants to Iran under the foreign assistance program (classified report) (grants used by Iran to procure wheat, valued at \$12,500,000, from Australia whereas surplus wheat was available in the United States).	B-133258	Feb. 26, 1965	39.0 (c)
Additional interest costs to the United States because of premature releases of funds to the Social Progress Trust Fund administered by the Inter-American Development Bank (title is self-explanatory. The interest costs identified total as much as \$60,000 annually).	B-146937	Sept. 8, 1964	(1)
Improper retention of dollar collections on loans made by Corporate Development Loan Fund (title is self-explanatory. Report covers collections totaling \$43,000,000.)	B-133220	Sept. 3, 1964	(1)
Certain problems relating to administration of the economic and technical assistance program for Vietnam for 1958-62 (inability or unwillingness of the foreign government to use country resources to support activities being supported by the United States plus ineffective administration by AID).	B-133001	July 24, 1964	763.0 (c)
Review of the administration of assistance for financing commercial imports and other financial elements under the economic and technical assistance program for Vietnam (unjustified assistance and unnecessary costs).	B-133001	do	(2)
Examination of economic and technical assistance program for Turkey, fiscal years 1958-62 (failure to follow an overall plan based on country's resources and highest priority needs).	B-133026	June 30, 1964	1,750.0 (c)
Deficiencies in the administration of the earthquake reconstruction and rehabilitation program for Chile (including a classified supplement) (inadequate planning, inadequate staffing of AID mission and failure to obtain maximum exchange rate for dollars).	B-146754	June 29, 1964	120.0 (c)
Ineffective administration of U.S. assistance to Children's Hospital in Poland by the Agency for International Development and the State Department (agency responsibility was not defined and Congress was not informed of the need for appropriation to complete project).	B-146787	June 17, 1964	10.5 (c)
Examination of certain economic development projects for assistance to Central Treaty Organization fiscal years 1956-62 (defects in the projects and in their administration resulting in a questionable need for over \$8,000,000 of program funds).	B-146849	Mar. 5, 1964	28.7 (c)
Audit of Export-Import Bank of Washington, fiscal year 1963 (opinion on financial statements).	B-114823	Feb. 20, 1964	(1)
Review of economic aspects of loan for construction of water supply system in Saigon, Vietnam (nonexistent basis for evaluating a choice between 2 water supply systems).	B-133220	Sept. 17, 1963	17.5 (c)
Audit of Export-Import Bank of Washington, fiscal year 1962 (opinion on financial statements and disclosure of increased interest expense to U.S. Government).	B-114823	May 15, 1963	(1)
Examination of economic and technical assistance program for Korea, fiscal years 1957-61, pts. I and II (assistance exceeded country's economic and administrative capacities).	B-125060	Sept. 21, 1962	1,200.0 (c)
Audit of Development Loan Fund, fiscal year 1961 (opinion on financial statements plus related observations).	B-133220	June 25, 1962	(1)
Audit of Export-Import Bank of Washington, fiscal year 1961 (opinion on financial statements).	B-114823	Jan. 22, 1962	(1)
Examination of economic and technical assistance program for Thailand, fiscal years 1955-60 (general evaluation of progress made in selected projects and of practices followed in importing commodities).	B-133258	Aug. 21, 1961	214.0 (c)
Economic and technical assistance program for Iran, fiscal years 1956-60 (improvements needed in various administrative practices and procedures of U.S. agencies).	B-133258	June 27, 1961	169.0 (c)
Negotiation and administration of selected construction and technical service contracts (improvements needed in the selection of contractors, the inclusion of incentive and penalty provisions, and the establishment of fees).	B-133355	Mar. 30, 1961	189.0 (c)
Review of the mutual security program presentation to the Congress for fiscal year 1961 for economic assistance to Korea, Pakistan, and Vietnam (suggestions for revealing more meaningful data in budget presentations).	B-133175	Mar. 29, 1961	(1)
Audit of Development Loan Fund, fiscal year 1960 (opinion on financial statements and related observations).	B-133220	Mar. 27, 1961	(1)
Audit of Export-Import Bank of Washington, fiscal year 1960 (opinion on financial statements).	B-114823	Jan. 19, 1961	(1)
Examination of economic and technical assistance program for Brazil, fiscal years 1955-59 (recommends integration of common support functions of the Department of State and ICA, and comments on other practices and procedures).	B-133283	May 27, 1960	28.4 (c)
Examination of the economic and technical assistance program for Bolivia, fiscal years 1954-59 (classified report) (action needed to evaluate status of projects in process, to recover usable equipment from defunct projects, and to follow up on trainee program).	B-133271	May 17, 1960	114.6 (c)
Review of contracts with McGraw-Hydrocarbon for the construction and operation of a fertilizer plant in Korea (recommends use of fixed-price contracts, incentive provisions in cost reimbursement type projects, and more effective penalty provisions).	B-133290	Apr. 10, 1960	43.9 (c)
Audit of Export-Import Bank of Washington, fiscal year 1959 (opinion on financial statements).	B-114823	Mar. 23, 1960	(1)
Examination of economic and technical assistance program for Guatemala, fiscal years 1955-59 (reveals corrective action taken in various administrative areas, including planning prior to project agreements).	B-114845	Mar. 22, 1960	58.6 (c)
Audit of Development Loan Fund, fiscal year 1959 (opinion on financial statements and related observations).	B-133220	Feb. 29, 1960	(1)
U.S. contributions to European Payments Union (succeeded by European Fund) (factual summary of the background, purpose, operating mechanism, and terms of the U.S. contribution).	B-133221	Nov. 6, 1959	350.0 (c)
Economic and technical assistance program for India, fiscal years 1955-58 (nonutilization of equipment and need to revise project agreement for a powerplant).	B-114845	Sept. 14, 1959	247.0 (c)
Audit of Development Loan Fund, fiscal year 1958 (opinion on financial statements and related observations).	B-133220	Aug. 31, 1959	(1)
Followup review of economic and technical assistance program for Laos, December 1958 (observations on various administrative practices and procedures).	B-133003	July 31, 1959	(1)
Mutual security program presentation to the Congress for fiscal year 1959 economic assistance for China, Korea, and Vietnam (recommendations for including more meaningful data in future program presentations).	B-133175	June 8, 1959	(1)
Economic and technical assistance program for Pakistan, fiscal years 1955-57 (need to adjust aid program to more realistic levels and to determine causes of unclaimed commodity imports).	B-114896	Mar. 31, 1959	307.5 (c)
Audit of Export-Import Bank of Washington, fiscal year 1958 (opinion on financial statements).	B-114823	Jan. 15, 1959	(1)
Economic and technical assistance program for Laos, fiscal years 1955-57 (improvements needed in various administrative practices and procedures, including the negotiation of a realistic exchange rate.)	B-133003	Oct. 8, 1958	134.4 (c)
Economic and technical assistance program for China (Taiwan), fiscal years 1955-57 (general evaluation of the program plus specific needs for improved administrative practices and procedures).	B-133074	Aug. 29, 1958	225.0 (c)
Economic and technical assistance program for Turkey (June 30, 1957) (improper practices in deposits of local currency sales proceeds and improper obligating procedures).	B-133026	July 24, 1958	(1)
Economic and technical assistance program for Vietnam, fiscal years 1955-57 (general evaluation of program practices, and need for realistic exchange rates).	B-133001	May 22, 1958	787.2 (c)
Examination of \$100,000,000 loan to European Coal and Steel Community (informative summary of broad policy matters involved in the project).	B-132966	Mar. 13, 1958	100.0 (c)
Audit of Export-Import Bank of Washington, fiscal year 1957 (opinion on financial statements).	B-114823	Feb. 4, 1958	(1)
Administration of U.S. assistance program for Korea, fiscal years 1954-56 (discloses general problem areas in program planning and implementation).	B-125060	June 24, 1957	845.9 (c)
Audit of Export-Import Bank of Washington, fiscal year 1956 (opinion on financial statements).	B-114823	Feb. 19, 1957	(1)
Administration of U.S. assistance program for Israel, fiscal years 1952-55 (reporting action taken by agency to correct earlier program deficiencies).	B-125029	Sept. 20, 1956	233.2 (c)
Administration of U.S. assistance program for Lebanon, fiscal years 1952-55 (discloses need for improvements in various administrative practices and procedures, and questions desirability of employing American University of Beirut).	B-125021	June 7, 1956	21.4 (c)
Administration of the U.S. assistance program for Egypt, fiscal years 1953-55 (discloses need for improvements in programing and in administrative practices and procedures).	B-125010	Apr. 11, 1956	59.8 (c)
Administration of U.S. assistance program for Iran, fiscal years 1952-55 (recommends consolidation of common support functions of the Embassy and the mission, and that counterpart withdrawals be subject to prior approval by the mission).	B-125009	Mar. 15, 1956	205.0 (c)
Audit of Export-Import Bank of Washington, fiscal year 1955 (opinion on financial statements).	B-114823	Jan. 13, 1956	(1)
Administration of U.S. assistance program for Pakistan, fiscal years 1952-54 (need to evaluate status of lagging projects, improve program planning, and improve procurement and contracting policies and practices).	B-114896	Dec. 27, 1955	45.5 (c)
Audit of Institute of Inter-American Affairs, fiscal year 1954 (administrative policies and practices requiring improvement).	B-114837	Nov. 25, 1955	(1)

See footnotes at end of table.

General Accounting Office reports issued to the Congress July 1, 1955, through Dec. 31, 1965, relating to foreign aid programs (incorporating information requested by Senator Everett M. Dirksen)—Continued

	Reference	Date issued	Pertinent dollar amounts (in millions)
MILITARY ASSISTANCE			
Review of the military assistance training program for Iran (classified report to the Secretary of Defense) (lack of in-country training, insufficient personnel trained, nonutilization of trained personnel, and unnecessary transportation costs to the United States).	B-133134	Dec. 10, 1965	
Ineffective and inefficient administration of the training of foreign personnel under the military assistance program for Greece (classified) (unnecessary training and poor utilization of trained personnel).	B-133055	June 29, 1965	
Lack of effective action by the military services to obtain NATO cost sharing of military construction projects in Europe (classified) (title is self-explanatory).	B-156489	June 4, 1965	
Overprocurements resulting from ineffective supply management in Korea under the military assistance program (title is self-explanatory).	B-125099	May 28, 1965	
Inadequate planning, programing, and contracting for a fixed communications system for the Government of Indonesia under the military assistance program (classified) (title is self-explanatory).	B-146839	Apr. 26, 1965	
Review of military assistance provided to the Republic of the Philippines (classified report) (details are classified).	B-133359	Mar. 26, 1965	
Waste of funds in construction of Shahabad Depot in Iran under the military assistance program (classified) (Iranian Army neither needed nor wanted depot from the start, resulting in negligible use and present plans for dismantling).	B-133134	Mar. 22, 1965	
Ineffective and overly costly aspects of military and economic assistance provided to Thailand (classified report) (title describes the unclassified aspects of the report).	B-132913	Feb. 17, 1965	
Inadequate consideration given to utilizing reserve fleet ships in lieu of providing new ships to Iran under the military assistance program (classified) (reluctancy of responsible officials to ask for congressional approval and use of unrealistic cost data).	B-133258	Feb. 3, 1965	
Review of the military assistance program for a Far East country (classified) (waiver of normal U.S. control over assistance, plus lack of cooperation by the country to establish a sound program).	B-133134	Feb. 3, 1965	
Summary of deficiencies related to the inadequate administration of military budget support funds provided to certain countries under the foreign assistance program (ineffective U.S. controls led to use of funds for nonapproved and nonessential purposes).	B-146941	Sept. 29, 1964	
Deficiencies in the military assistance program for the Spanish Army (classified) (details are classified).	B-146943	Sept. 28, 1964	
Followup review of Department of Defense action to cancel excessive procurement and redistribute aircraft spare parts programed for or delivered to Portugal under the military assistance program (action is being taken to cancel procurements and redistribute excesses).	B-125086	Aug. 25, 1964	
Unofficial use and overstated needs of commercial-type vehicles by the Military Assistance Advisory Group and the Headquarters, Support Activity, Taipei, Republic of China (title is self-explanatory).	B-146785	Aug. 14, 1964	
Review of the military assistance program for Indonesia (classified) (details are classified).	B-146907	July 31, 1964	
Furnishing of military assistance to Ethiopia in excess of the country's ability to effectively utilize the equipment (classified) (title is self-explanatory).	B-146839	May 6, 1964	
Inefficient utilization of personnel to administer the military assistance program in advanced Western European countries (including a classified supplement) (overstaffing in relation to substantially reduced programs).	B-146887	May 6, 1964	
Followup review of DOD actions to obtain reimbursement from foreign countries for administrative expenses under the military assistance program (reports on recoveries and identifies additional eligible recoveries).	B-133280	Apr. 2, 1964	
Unnecessary or premature procurement and delivery of Sidewinder missile training systems to foreign countries under the MAP (including a classified supplement) (inability or unwillingness of certain countries to use the systems).	B-146749	Mar. 18, 1964	
Inadequate administration of military budget support funds provided to Pakistan under the foreign assistance program (classified) (additional details are classified).	B-146762	Mar. 12, 1964	
Ineffective programing, delivery, and utilization of aircraft and related equipment furnished to the Portuguese Air Force under MAP (classified) (reaffirmation of May 29, 1963, report).	B-146815	Sept. 25, 1963	
Inadequate administration of military budget support funds provided to Iran under the foreign assistance program (classified) (additional details are classified).	B-146785	Sept. 17, 1963	
Ineffective maintenance and utilization of equipment furnished to Iran under MAP (classified) (lack of U.S. assistance to overcome maintenance and utilization problems).	B-133134	July 30, 1963	
Unnecessary payment by the United States of costs properly chargeable to Japan for administrative and related expenses of the MAP for Japan (title is self-explanatory).	B-133134	July 16, 1963	
Excessive costs incurred for rehabilitating to original appearance and serviceability military equipment donated to foreign nations under the MAP (unreasonably high standards of appearance and serviceability for material given to foreign countries).	B-132913	June 27, 1963	
Ineffective programing, delivery, and utilization of aircraft and related equipment furnished to the Portuguese Air Force under MAP (classified) (title is self-explanatory).	B-133280	May 31, 1963	
Review of the programing, delivery, and utilization of selected missile system equipment delivered to European countries under the military assistance program (classified) (details are classified).	B-146785	May 29, 1963	
Review of license fees being charged the U.S. Government for the right to produce the SS-11 antitank guided missile mutually developed by France and the United States (classified) (questions the need to pay the fees).	B-146762	Feb. 27, 1963	
Review of the local currency military budget support program for Korea (weaknesses in U.S. controls over the program and deficiencies in its administration by the Republic of Korea Army).	B-146766	Feb. 15, 1963	
Summary of reviews of the maintenance and supply support of Army equipment furnished to Far East countries under the MAP (maintenance and supply deficiencies resulting in defective equipment plus planned procurement of vehicles in excess of requirements).	B-125099	Jan. 8, 1963	
Review of the utilization and maintenance of Army equipment furnished under the MAP for Thailand (classified) (details are classified).	B-132913	Aug. 31, 1962	
Review of payments made by the United States for the construction of airfields in France (classified) (failure to claim reimbursement from NATO for airfields constructed by the U.S. Air Force).	B-132913	do	
Review of maintenance and supply support of Army equipment furnished under the MAP for Korea (classified) (some inefficiency of maintenance and supply of Army vehicles).	B-146738	Aug. 13, 1962	
Review of the military assistance program for Turkey (classified) (details are classified).	B-125099	June 8, 1962	
Review of the maintenance and supply support of Army equipment furnished under the MAP for Taiwan (classified) (details are classified).	B-125085	May 31, 1962	
Review of central rebuild of World War II vehicles and assemblies in the Pacific Area Command under the military assistance program (classified) (suggesting improvements in the assembly rebuild program).	B-125087	May 24, 1962	
Review of the military assistance program for Greece (classified) (various supply management deficiencies).	B-132913	Apr. 27, 1962	
Management of spare parts for Army equipment provided to Far East countries (supply management deficiencies).	B-133055	Feb. 21, 1962	
Reservation of Army excess material for the MAP (failure to reserve excess equipment parts needed by MAP, reserving that not needed, and MAP overcharged for delivered material).	B-132913	Oct. 13, 1961	
Review of the military assistance program for Spain (classified) (details are classified).	B-133363	July 31, 1961	
Review of the military assistance program for Taiwan (classified) (details are classified).	B-125086	June 27, 1961	
Review of the military assistance program for the Philippines (classified) (need for improvement in supply management controls).	B-125087	May 22, 1961	
Review of delivery and utilization of tactical air navigation equipment under the MAP (classified) (ineffective utilization of some equipment).	B-133359	Apr. 12, 1961	
Review of military assistance program requirements for the Army and Air Force of Korea (classified) (unneeded items requisitioned and program overstated).	B-133353	Feb. 28, 1961	
Review of programing and delivery under the military assistance program of equipment for vehicles already equipped (classified) (additional details are classified).	B-125099	Jan. 31, 1961	
Administration of the military assistance program—Department of the Air Force (poor programing and provision of spare parts plus overcharges to MAP).	B-125086	June 30, 1960	
Review of the military assistance program for Italy (classified) (details are classified).	B-125061	Mar. 21, 1960	
Review of administrative costs of the U.S. military assistance program chargeable to the Federal Republic of Germany (failure to collect costs due the United States).	B-125091	Feb. 29, 1960	
Review of the pricing of material delivered to the military assistance program by the military departments (inequities in the pricing policies).	B-125084	do	
Review of the military assistance program for Korea (classified) (suggesting administrative improvements).	B-133280	do	
Review of the military assistance program for Japan (classified) (details are classified).	B-125099	Feb. 26, 1960	
Review of the military assistance program for Turkey (classified) (details are classified).	B-132913	Feb. 26, 1960	
Review of the military assistance program for Pakistan (classified) (suggesting the use of austere standards and end-item utilization inspections, the consideration of existing country assets and the country's disposal practices, and the development of long-range cost estimates.)	B-123085	Jan. 29, 1960	
Administration of the military assistance program, Department of the Navy (new basis needed for spare parts requirements).	B-125090	Jan. 12, 1960	
Review of the military assistance program for Iran (classified) (suggesting the development of usage standards and the use of end-item utilization inspections, the suspension of deliveries pending a study of requirements, and better controls over disposal activities).	B-133128	Dec. 18, 1959	
Review of the military assistance program for Vietnam (classified report to the Secretary of Defense) (suggestions for improving controls and developing long-range cost estimates of the program).	B-133134	Jan. 9, 1959	
Review of the military assistance program for Vietnam (classified report to the Secretary of Defense) (suggestions for improving controls and developing long-range cost estimates of the program).	B-133006	Nov. 26, 1958	

See footnotes at end of table.

General Accounting Office reports issued to the Congress July 1, 1955, through Dec. 31, 1965, relating to foreign aid programs (incorporating information requested by Senator Everett M. Dirksen)—Continued

	Reference	Date issued	Pertinent dollar amounts (in millions)
MILITARY ASSISTANCE—continued			
Review of the military assistance program for Laos (classified report to the Secretary of Defense) (same as above)	B-133080	Oct. 30, 1958	
Review of the military assistance program for Cambodia (classified report to the Secretary of Defense) (same as above)	B-133085	Sept. 30, 1958	
Review of the Military Assistance Program for Greece (classified) report to the Secretary of Defense (suggestions for improving controls, determining and disposing of excesses, and developing long-range cost estimates).	B-133055	Sept. 8, 1958	
Review of the military assistance program for Taiwan (classified report to the Secretary of Defense) (details are classified)	B-125087	Jan. 29, 1958	
Administration of the military assistance program, Department of the Army (accounting and reporting system needs updating)	B-125097	Jan. 13, 1958	
Review of the military assistance program for Korea, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125099	Oct. 4, 1957	
Review of the military assistance program for Japan, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-132913	Oct. 3, 1957	
Review of the military assistance program redistribution of programed excesses, December 1956 (classified report to the Secretary of Defense) (details are classified)	B-125088	Aug. 30, 1957	
Review of the military assistance program for Turkey, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125085	do	
Review of the military assistance program for Spain, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125086	do	
Review of the military assistance program for Pakistan, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125090	do	
Review of the military assistance program for Italy, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125091	do	
Review of the military assistance program for France, March 1957 (classified report to the Secretary of Defense) (details are classified)	B-125086	do	
Review of the military assistance program for the Federal Republic of Germany, Mar. 31, 1957 (classified report to the Secretary of Defense) (details are classified)	B-125084	do	
Examination of the military assistance program, as administered by the Department of Defense, Mar. 31, 1957 (general evaluation of entire program)	B-125098	Aug. 29, 1957	
Review of the administration of the mutual defense assistance program for France and Turkey (classified report to the Assistant Secretary of Defense) (programing based on unverified data from the countries, plus other classified matters).	B-125011	June 19, 1956	
FOOD-FOR-PEACE PROGRAM			
Insufficient amounts claimed from foreign governments for recovery of ocean transportation costs financed under the Agricultural Trade Development and Assistance Act of 1954 (failed to claim \$5,700,000).	B-152538	July 30, 1965	\$367.8 (c)
Significant dollar savings available in financing foreign sales agents' commissions on surplus agricultural commodities exported under title I Agricultural Trade Development and Assistance Act of 1954 (unnecessary disbursements in fiscal year 1963-64 of \$2,400,000).	B-146820	July 23, 1965	2.7 (c)
Displacement of commercial dollar sales of tallow to the United Arab Republic (including a classified supplement) (title I, Public Law 480 program sales displaced commercial sales of \$5,500,000).	B-156922	July 20, 1965	17.073(c)
Questionable grant of corn to the United Arab Republic under title II, Agricultural Trade Development and Assistance Act of 1954 (grant based on anticipated need that did not materialize. Much was sold commercially in United Arab Republic).	B-146820	July 16, 1965	23.7 (a)
Improper payment of port charges on shipments to Colombia of food donated under title III of the Agricultural Trade Development and Assistance Act of 1954 (tariff rates did not reflect terms of agreements covering the distribution of the food).	B-146820	May 20, 1965	.393(b)
Unnecessary costs resulting from an inflexible policy of donating flour instead of wheat to voluntary relief agencies for distribution abroad under the Agricultural Act of 1949, as amended (unnecessary costs of \$3,700,000 applicable to a \$24,000,000 program in 1 country, but the policy is also applicable to other countries).	B-146971	Mar. 19, 1965	3.7 (b)
Weaknesses involving primarily the disposition of surplus nonfat dry milk (losses resulting from infestation, excessive allowances for transportation costs, unnecessary transportation costs, failure to use U.S.-owned foreign currencies, and acceptance of unverified manufacture dates; plus unauthorized sales by overseas recipients).	B-148254	Feb. 2, 1965	3.7 (b)
Weaknesses in controls over dollar refunds due Commodity Credit Corporation for adjustments in amounts financed on cotton exported under title I, Agricultural Trade Development and Assistance Act of 1954 (failure to claim refunds and delays in collecting claimed refunds).	B-146820	Nov. 23, 1964	.198(b)
Summary of organization and procedures for the operation and administration of the Agricultural Trade Development and Assistance Act of 1954 (commonly known as Public Law 480 or food for peace) pts. I and II as of December 1963 (title is self-explanatory).	B-137856	Nov. 19, 1964	(¹)
Improper payment of Colombian port charges for surplus agricultural commodities sold under title I, Agricultural Trade Development and Assistance Act of 1954 (tariff rates did not reflect terms of agreements covering the commodity sales).	B-146820	Nov. 17, 1964	.234(b)
Excessive ocean transportation costs incurred under title I, Agricultural Trade Development and Assistance Act of 1954 (a disproportionate percentage of shipments made at U.S. expense were routed to high-rate ports in East Pakistan, whereas most of the shipments made at Pakistan's expense were routed to lower rate ports in West Pakistan).	B-146820	Oct. 30, 1964	.850(a)
Understatement of claims against the United Arab Republic and Yugoslavia for recovery of excessive ocean transportation costs financed by the Commodity Credit Corporation under title I, Agricultural Trade Development and Assistance Act of 1954 (title is self-explanatory).	B-146820	Mar. 13, 1964	.278(a)
Inadequate controls for determining compliance by foreign governments with restrictions placed on the disposition of agricultural commodities made available under title I, Agricultural Trade Development and Assistance Act of 1954 (no assurance that commodity sales do not result in the increased availability of same or similar commodities to countries unfriendly to the United States).	B-146820	Oct. 7, 1963	9,500.0 (c)
INTER-AMERICAN HIGHWAY			
Unauthorized expenditures for the repair and reconstruction of a section of the Inter-American Highway in the Republic of Costa Rica (\$376,000 unauthorized).	B-118653	Oct. 20, 1965	1.128(c)
Unnecessary costs resulting from inadequacies in the administration of the Inter-American Highway program in the Republic of Panama (unnecessary costs of \$175,000).	B-118653	Mar. 24, 1965	60.0 (c)
Questionable validity of \$32,000,000 estimate of funds needed to complete Inter-American Highway (title is self-explanatory).	B-118653	Dec. 8, 1964	32.0 (c)
Unnecessary costs resulting from deficiencies in construction activities of the Inter-American Highway program in Costa Rica (unnecessary costs of \$125,000).	B-118653	Sept. 14, 1964	85.0 (c)
Unnecessary costs resulting from inadequacies in the administration of right-of-way activities of the Inter-American Highway program in Costa Rica (unnecessary costs of \$1,100,000).	B-118653	May 27, 1964	(³)

¹ Not applicable.

² See related report above.

³ See above.

EXPLANATIONS OF DOLLAR AMOUNTS

To the extent possible, the dollar amounts represent the portions of the assistance programs reviewed rather than monetary measures of what was found to be questionable or deficient within those programs. Identification in these terms was not possible in every case, however, since some reviews were directed to an appraisal of apparent problem areas and restricted to indicated areas of deficiency, often on the basis of illustrative tests, instead of encompassing measurable

program activities. In these cases, therefore, the dollar amounts represent the portions of the programs identified as questionable or deficient in some respect, some of which illustrate larger findings of undetermined amounts. Accordingly, each dollar amount has been identified by one of three letters which are explained below:

(a) These dollar amounts are the portions of the program or activity identified as questionable or deficient in some respect.

(b) These dollar amounts are also the por-

tions of the program or activity identified as questionable or deficient in some respect, but are illustrative, we believe, of larger findings of undetermined amounts.

(c) These dollar amounts are the values of the programs reviewed, and should not be interpreted as any indication of what was considered to be questionable or deficient. In those cases where identified deficiencies have been reduced to dollar amounts, these amounts are revealed in the narrative descriptions under the report titles.

Mr. DIRKSEN. Mr. President, that is the case for a general reduction in the Development Loan Fund. What we are doing in so many fields, the commitments that we have made, and on which we rely, the conduct of the program, the presentations to Congress, and what they may have lacked in careful accuracy, the fiscal and economic condition that confronts the country today, the lack of area in which we can cut in substantial amounts so that it will really register in the fight against inflation—these and other factors conjoin with exactly what has been happening in Great Britain in the last 24 hours and ought to be, in my judgment, a stimulus for a hard look-see and a reduction of this Development Loan program in the interest of our own solvency and stability.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COTTON. Mr. President, I understood the distinguished Senator to say that AID asked for money in the amount of approximately \$10 billion for loans and then used that money for grants.

Mr. DIRKSEN. No; it was only a kind of presentation.

Mr. COTTON. After they used this money, it was earmarked for loans by Congress.

Mr. DIRKSEN. Well, I cannot quite say that that would be absolutely true, but the impression was left here by AID that this was to be loan money. That is the important point.

Mr. COTTON. My real question is this: After using this money for grants—whatever may have been the representation before—was that fact reported by them to Congress, or did it have to be dug out?

Mr. DIRKSEN. It had to be dug out. And we asked their representatives right here in the Capitol what the justification for it was. They said, "Well, you gave us authority to make grants and loans. Therefore, we felt that we had a kind of discretionary authority to make a grant or a loan, depending on the circumstances and the conditions that obtained in the country."

But we had a different impression. For a number of years we have been assailing this idea of doling this money out so freely, without any return whatsoever.

Mr. COTTON. But they did not voluntarily report that to Congress?

Mr. DIRKSEN. Everything we have here, we had to dig out, and it was like pulling turkey teeth to do it.

Mr. COTTON. I thank the Senator.

Mr. DIRKSEN. Mr. President, that is the case for a cut of \$250 million in the Development Loan Fund, and I am willing to rest it on that basis. I hope the Senate will support the amendment. I yield the floor.

Mr. LAUSCHE. Merely for the further information of the Senate, I ask the chairman of the committee and his staff adviser whether the administration did not ask for \$665,400,000 under the development loan program.

Mr. FULBRIGHT. That is the appropriation requested.

Mr. LAUSCHE. Yes. And by how much did the committee cut the amount requested?

Mr. FULBRIGHT. To \$620 million.

Mr. LAUSCHE. So the committee cut it \$45,400,000?

Mr. FULBRIGHT. That is correct.

Mr. LAUSCHE. And the amendment of the Senator from Illinois would cut it another \$250 million?

Mr. FULBRIGHT. That is correct.

Mr. LAUSCHE. That is all.

Mr. FULBRIGHT. As I said—I do not believe the Senator from Ohio was here at the time—the House has allowed \$1 billion. There is a difference of \$630 million. If we compromise it, as we have done in practically all cases, on a 50-50 basis, that would mean a restoration of \$315 million, coming out with \$685 million.

Mr. LAUSCHE. If we remain firm on that figure—

Mr. FULBRIGHT. No, if we accept his cut.

Mr. McCARTHY. Mr. President, I am opposed to the amendment offered by the Senator from Illinois.

I do not believe the Senate should take the position that it ought to go to conference with the House on a question of foreign aid and compromise it at a halfway mark. I believe that the time has come for the Senate, particularly, acting through the Committee on Foreign Relations, to exercise the constitutional primacy of the Senate in foreign policy. The Senate should establish a level of authorization for foreign aid which it believes ought to stand up in Congress.

When we go to conference with the House on a question of taxation of raising revenue, which is a case in which the House has primacy of jurisdiction, I am inclined to say that the Senate ought to make concessions to the House position. There is no question about the intent of the Constitution to give the House primary responsibility with reference to the raising of revenue; this was a part of the Revolution of 1776, and I believe we ought to honor it.

But the Constitution, in my mind, is just as clear in imposing primary responsibility for foreign policy and an international program upon the Senate.

I believe that to say that we should authorize \$625 million while the House has authorized a billion dollars, and that we should go to conference and give them half of what they voted, is to give up and to yield an authority and a power which properly belongs to the Senate.

As Senators know, I have been one who has been insisting recently, with reference to foreign policy, that the Committee on Foreign Relations and the Senate ought to assert their authority and their responsibility with reference to foreign policy, to the Central Intelligence Agency, and to the sale and distribution of arms around the world. I believe the same issue is involved before the Senate today.

We should decide on the floor of the Senate, how much money we believe ought to be spent in foreign aid, and insist on that amount. We ought to go beyond the question of the amount and lay down procedures whereby that money will be spent. I am much more concerned about procedures, about control, about direction over our foreign aid program, than I am about the amount.

The device of cutting authorization or

of cutting appropriations belongs to the House of Representatives primarily. It is also a device which is used when one is desperate. It goes back to the disputes between the kings and the parliaments in England in the 16th and 17th centuries. I believe we have moved beyond that, and that we should try to settle these differences on a somewhat more rational basis, giving recognition to the proper procedure and the assignment of authority and responsibility.

Every member of the Committee on Foreign Relations knows that I have been as willing as anyone on the committee to set limitations upon the authority of the executive branch, to insist that the Committee on Foreign Relations, acting for the Senate, be consulted; that it give advice; that it exercise real authority with reference to the foreign policy on this bill and every other bill.

I do not believe that at this point we ought to be pushed into the position of saying that the only way the Senate can control or direct or influence foreign policy is by refusing to authorize the expenditure of money. I do not believe we have come to that desperate point. I believe we can still consider procedures, that we can still give advice and can still give consent.

We should not take the position, that the only way the Senate can exercise any influence on our foreign aid program is the negative one of saying, "We will not give you any money." This is the argument that is being made in support of the amendment offered by the Senator from Illinois: "Do not give them any money." This is not the constitutional conception of the U.S. Senate. It may come close to the conception of the pre-revolutionary conception of a House of Representatives. But the Senate was conceived as having a different function—of developing ideas, giving direction, forming policy, and bringing that policy and determination to bear on the actual decision.

In my judgment, the technique proposed here of cutting by almost 50 percent the authorization for foreign aid is the kind of action that we should take only in an extreme case, and I do not believe that we have reached that point.

Therefore, I suggest that we not agree to the proposed amendment. Rather, we should deal with procedures, processes and methods by which the advice and the consent of the Senate on foreign policy are to be made effective, and not resort to the desperate device of cutting appropriations and accepting for the Senate the methods which may be justified for the House of Representatives but which are not justified for the Senate of the United States.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. SALTONSTALL. It is my understanding that the House bill cut the figure from \$1.2 billion to \$1 billion for each of the fiscal years 1967 through 1971; that the Senate bill struck out the words "\$1,200,000,000" and the words "subsequent fiscal year," and authorized \$620 million for the fiscal year 1967; and that the amendment proposed by the Senator from Illinois would cut that \$620 million by \$250 million more.

Mr. McCARTHY. To \$370 million.

Mr. SALTONSTALL. To \$375 million. So the difference would be a billion dollars in 5 years, in the House bill, and \$375 million for 1 year, in the Senate bill. Am I correct?

Mr. McCARTHY. That is approximately correct.

Mr. SALTONSTALL. Does the Senator from Minnesota agree with the figure given by the Senator from Illinois, that \$228 million of funds are available now under previous acts?

Mr. McCARTHY. As far as I know that is the exact figure.

Mr. SALTONSTALL. I thank the Senator.

Mr. McCARTHY. I do not think that it has much bearing upon the decision to be made here with reference to an authorization.

I take slight issue with my friend, the Senator from Indiana [Mr. HARTKE]. I was surprised to find him defending William McChesney Martin on foreign aid since I know that he disagrees with William McChesney Martin in one area he has competency: To determine the interest rates of the country. I know that the Senator from Indiana rejects almost every position that William McChesney Martin has taken on interest rates and fiscal policy through the years.

I am distressed to find that the Senator is quoting William McChesney Martin on foreign aid. As far as I know, nobody has ever credited him with competency in that field.

Mr. HARTKE. I wish to point out to my dear friend from Minnesota [Mr. McCARTHY] what I am trying to do is to put in focus what the administration said is a very important program. William McChesney Martin is one of our chief monetary officers. If we are to accept the recommendation of the administration on foreign aid, there should be accepted the opinions of some of their chief supervisors. I am not accepting his supervisor, but I would reject proposals of the administration. I would do this to show the conflict in the administration on this policy and how they find themselves in conflict.

This was no more vividly portrayed than it was by the chairman of the Appropriations Committee of the House of Representatives at page 15443 of the RECORD of July 19, 1966, in which Mr. MAHON points out something that I have been trying, and I know that the Senator from Minnesota has been trying to find out for some time: whether there is to be a supplemental request, how big it is going to be, and, if we are going to spend this money, how much it will be.

Mr. MAHON states:

If this situation should develop—

Speaking about the increasing cost of Federal expenditures—

in my opinion it would be most damaging to the welfare of the country, economically, and otherwise.

Mr. MAHON quotes from the news story about the President in which the President said:

While saying a tax increase is one alternative to a hold-down in non-defense spending, Johnson said there will be no decision by him on this until the appropriation bills are further along in Congress and after it has

been determined how much additional spending will be required in Vietnam.

He [meaning the President] said there will be a request for a substantial supplemental appropriation for Vietnam.

I might call to the attention of the Senator that when I asked the Secretary of the Treasury and the Budget Director that same question about 2 weeks ago they said that they knew of no such supplemental request being prepared. Now, here is an interesting fact. Mr. MAHON says:

There will be a substantial additional request for defense. I might interpolate, it could be \$10 billion. I do not know how much it will be, and neither does the President "but that it is impossible at this stage to tell how much it will be."

He said:

This is the largest single defense appropriation bill presented to Congress since World War II. This huge defense bill is not spoken of boastfully or capriciously. I speak of it with deep regret. Even without the anticipated supplemental request, the Department of Defense will have available to it during the current fiscal year, which began on July 1, the sum of \$100 billion.

If we want to cut down nondefense spending, which the President said we should do, I share the view of the Senator from Illinois [Mr. DIRKSEN]. Here is the place to start.

My comment on the words of the Senator from Minnesota [Mr. McCARTHY], even ignoring the wisdom of William McChesney Martin, or the nonwisdom of his statements, the truth remains, that if we are going to cut any place, except in the defense budget, it will have to be in foreign aid. I think that it is a good time to start.

I hate to see my good friend, the Senator from Minnesota [Mr. McCARTHY], led down the paths of expenditures, but if that is his choice, we will have to let him go.

Mr. McCARTHY. I thank the Senator. There is a rather strong tradition in this country with regard to using a man who has proved himself in one field, in every other field. An astronaut, because he has done well in space, becomes an expert in politics; a baseball player, because he has done well, becomes an expert in another field; or a movie actor, even if he was a bad actor, is considered competent in other fields.

The Senator from Indiana proposes that a man, who in his judgment has been proved wrong in the area of his competence, and having accepted that he was a failure, or at least that he was not a reliable judge in his field of competence—the Senator from Indiana has said that we should use him in a field in which he claims no competence. I am apprehensive that this would establish a new trend. People would run for office because they would not be competent in their own field.

The Senator is today opening up a new approach to political office: that if a man can prove he has not been competent in his own field, then he should be consulted with respect to his judgment in fields foreign to his field of competence; that this is a justification for his advice and being accepted in another field.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. HARTKE. I did not put those tags on Mr. Martin, even though they may be appropriate.

Mr. McCARTHY. The Senator disagreed with the interest policy of Mr. Martin.

Mr. HARTKE. I do not wish to disagree—

Mr. McCARTHY. The Senator disagreed with his tax proposals.

Mr. HARTKE. I wish to make it clear that I did not put the tags on him.

Mr. McCARTHY. I shall.

Mr. HARTKE. I shall be glad to join in putting those tags on him.

As far as Mr. Martin is concerned, I think that perhaps we could put him in charge of the AID program. This might make him more of an expert.

Mr. McCARTHY. We are spending up to \$3 billion a month in connection with the Vietnamese war. The amendment of the Senator from Illinois would cut our total development loan program down to \$370 million a year. This is approximately 15 percent of the amount we are spending, not on an annual basis, but every month, in connection with the Vietnamese war.

I think that we should run some risks and take some chances on losing some money in development loans, and that we can afford to authorize up to \$620 or \$650 million a year, when at the same time we are prepared to spend roughly \$3 billion a month in pursuit of the Vietnamese war. Even though we lose some of it, it is the kind of premium or risk investment that we should be willing to take.

I urge the Senate to reject the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

LAND TO BE SET ASIDE IN MONTANA FOR CERTAIN INDIANS

Mr. METCALF. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2948, to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill S. 2948 to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont., which was to strike out all after the enacting clause and insert:

That all of the right, title, and interest of the United States in the 487 acres, more or less, described below are hereby declared to be held in trust for the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana.

PRINCIPAL MERIDIAN, MONTANA

Township 18 north, range 21 west, section 8, lot 7; section 17, lot 2.

The areas described aggregate 66.54 acres.

Township 19 north, range 23 west, section 31, northeast quarter southwest quarter.

The area described contains 40 acres.

Beginning at the southwest corner of southeast quarter southeast quarter section 14, township 18 north, range 20 west, principal meridian, from the initial point—

north 0 degrees 01 minutes west, 660 feet, east 330 feet,
 north 0 degrees 01 minutes west, 1,320 feet, east 990 feet,
 south 0 degrees 01 minutes east, 275.9 feet, south 59 degrees 0 minutes west, 849.6 feet, south 45 degrees 33 minutes east, 43.1 feet, south 58 degrees 50 minutes west, 96 feet, south 31 degrees 10 minutes east, 130 feet, south 56 degrees 37 minutes east, 298 feet, south 0 degrees 22 minutes east, 72.7 feet, north 56 degrees 37 minutes west, 377.6 feet,
 south 0 degrees 22 minutes east, 462.8 feet, north 89 degrees 35 minutes east, 314.3 feet,
 south 0 degrees 22 minutes east, 589.5 feet, west 858 feet to the point of beginning.
 The tract as described contains 28.66 acres, more or less.

Township 21 north, range 20 west, section 36, southeast quarter southeast quarter, east half east half east half northeast quarter southwest quarter southwest quarter southeast quarter, east half east half southwest quarter southeast quarter southwest quarter southeast quarter, southeast quarter southeast quarter southwest quarter southeast quarter, northeast quarter southwest quarter southeast quarter.

The areas described aggregate 58.4375 acres. Beginning at the northwest corner of section 1, township 20 north, range 20 west, principal meridian, Montana.

Thence from the initial point, east along north line of said section 1,660 feet, south 0 degrees 01 minutes east, 396 feet, west 660 feet, north 0 degrees 01 minutes west, 396 feet, to the point of beginning.

The area described contains 6 acres, more or less.

Township 22 north, range 24 west, section 33, southeast quarter southeast quarter.

The area described contains 40 acres.

Township 21 north, range 20 west, section 11, east half southeast quarter northeast quarter, section 12, northeast quarter northwest quarter, southwest quarter northwest quarter, south half northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter, south half northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter northwest quarter northwest quarter.

The areas described aggregate 137.5 acres.

Township 16 north, range 19 west, section 16, west half east half southwest quarter, northwest quarter southwest quarter.

The area described contains 80 acres.

Beginning at the southwest corner of section 16, township 16 north, range 19 west, from the initial point—

north 0 degrees 02 minutes west 1,320 feet, east 1,317.36 feet, south 0 degrees 02 minutes east 528 feet, west 462 feet, south 0 degrees 22 minutes east, 792 feet, west 857.34 feet, along section line to point of beginning, excepting east half northwest quarter northeast quarter southwest quarter southwest quarter and west half west northeast quarters northeast quarter southwest quarter southwest quarter section 16, township 16 north, range 19 west.

The area described contains 29.725 acres, more or less.

The areas of the tracts listed above aggregate 486.8625 acres, more or less.

Sec. 2. This Act shall become effective when the Tribal Council of the Confederated Salish and Kootenai Tribes by resolution accepts the transfer of the property involved.

Sec. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission. The Court of Claims is directed to make the same determination in

connection with any claim against the United States adjudicated by it.

Mr. METCALF. The House has amended S. 2948 in only one technical way—that is, to correct the total acreage to be conveyed by this bill. As passed by the Senate, a total of 526.8 acres would have gone to the Flathead Indians, but the correct figure is 487.8. I have discussed this change with the members of the Interior Committee, and it is agreeable to the chairman. Therefore, Mr. President, I move that the Senate concur in the amendment of the House to S. 2948.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, unless there are other speakers, I suggest the absence of a quorum for a short time.

Mr. ELLENDER. Mr. President, I rise in support of the pending amendment. I have an amendment that I intended to offer which would cut the development loan fund by \$200 million. It is my belief that the pending amendment should be adopted, but if it is not, then I will offer the one I intended to present.

Unfortunately, I was not in the Chamber to hear all of the debate, and I am sure that some of the facts I will present about the development loan program have been made available to most Senators. In any event I want to document the evidence to support the pending amendment.

Last year, the Development Loan Fund had available for expenditure, a total of \$780,212,000. For the fiscal year 1967, the year for which funds are being currently authorized in the pending measure, there will be available \$848,862,000 in the aggregate when the amount authorized by the committee for development loans; namely, \$620 million is added to the carryover, reimbursements, repayments, and recoveries from appropriations of past years.

If the sum recommended by the committee is permitted to stand, it will mean that we will be making available to the Development Loan Fund, in fiscal year 1967, almost \$70 million more than was made available last year.

In my opinion, for Congress to lavish these funds on the Development Loan Fund amounts to waste to the nth degree. Especially, in view of the fact that AID was unable to obligate more than half of the funds available to the DLF in fiscal year 1966.

As of May 31, AID had only obligated \$360 million out of the \$780 million available. More than 50 percent of the obligational authority was still available to the Development Loan Fund when the last month of fiscal year 1966 arrived.

But, lo and behold, during the last month of fiscal year 1966, the AID obligated \$367 million of development loan funds.

Mr. President, there is no question that Congress has consistently made more money available for development lending than can be used for sound economic projects, and the amount reported by the committee for fiscal year 1967 is no exception.

I am convinced that most of the \$367 million that has been obligated in June of 1966 will be deobligated because the commitments are not firm.

But this is the normal way for operating the AID program and it is no wonder because Congress makes excess funds available. AID cannot find good projects, so in the closing days of the fiscal year they proceed to obligate funds helter skelter and the taxpayers' funds go down the rathole.

I wish I were able to give the countries involved, in which obligations were made during June of 1966. I could almost certify, from past experience, that the obligations were made without there being any idea what the money was going to be used for. It is because of this method of excess financing that these programs have been so costly, and really why there has been so much waste.

Furthermore, the excess amount of money available in the Development Loan Fund has caused AID to institute unsound practices in general. Foremost among these are the so-called program loans.

Mr. President, it was never intended that the Development Loan Program should be used for the purchase of commodities. The program was designed for project-type aid that would enable the developing country to enjoy self-sustaining growth.

But during the past few years there has been instance after instance where loans are made in order to give the host country the opportunity to buy food and other consumable goods. When the Development Loan Fund was first created in 1958, under the Mutual Security Act, and later, when it was revised under the Foreign Assistance Act of 1961, it was contemplated by Congress that development loans would be applied to specific projects, either of a public or private nature, that were found to be feasible on economic grounds. But there has been a shortage, so to speak, of these economic projects because the developing nations have encountered obstacles in trying to conceive projects that meet development criteria and, consequently, development loan funds have been piling up and have been left begging. To rid itself of these huge unobligated balances, AID, in my opinion, has devised the program loan system.

Through this loan system, dollars are made available to finance essential imports, and the recipient country commits itself to particular economic policies at the behest of AID. As the country implements these policies to AID's satisfaction, funds under the loans are released intermittently. The local currency generated by the sale of the commodities that have been imported under the program loan are placed in a special account by AID and made available to the country for mutually agreed

upon projects or sectors in the recipient nation's budget. Thus, Mr. President, it might be stated that program loans made from the Development Loan Fund are quite similar to title IV loans made under Public Law 480.

Mr. President, development loan funds should not be used to finance commodity imports because the payout on development loans is long term, usually 40 years. Commodity imports are normally quickly consumed and should be financed on a short-term basis, usually a maximum of 10 years but preferably for 3 to 5 years. In any event, the criteria for development loans spelled out in section 201 of the Foreign Assistance Act of 1961, as amended, which is quoted below, in my opinion, precludes the use of development loan funds for program loans.

SEC. 201. GENERAL AUTHORITY.— * * *

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved,

I shall quote further from the same section, but I want to point out that the Committee on Foreign Relations has added prerequisites 7, 8, and 9, and I shall also read them.

I shall do so because, as I have said, it was never intended that the Development Loan Fund should be used for any purposes other than those designated and outlined in section 201. In my opinion section 201 provides for project loans that enhance the economic development of the newly emerging and underdeveloped nation.

I shall now read prerequisites 7, 8, and 9 which have been added to the Foreign Assistance Act of 1961 by the committee in the pending measure.

(7) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression, and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(8) The degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through the encouragement of maximum private ownership in new and existing

industry, through nondiscriminatory treatment between national and non-national and between public and private enterprises and products, through adequate protection of industrial property rights (such as patents and trademarks); and

(9) Whether the activity to be financed will contribute to the achievement of self-sustaining growth. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

Mr. President, these three added requirements show further that it was not the intent of Congress that a development loan should be used to finance the purchase of any commodity for immediate consumption. Yet, in case after case during the past few years exactly that has been done. I wish I could state that the Senate the countries that have been afforded loans during June of 1966. Practically all of these loans have been so-called "program loans" wherein commodity imports will be financed.

By using development loan funds to finance commodity imports, AID is merely exacerbating the ability of the developing nations to service their debts. The extent of the severity of this problem has long been of concern to the World Bank, as is indicated in language that I shall now read.

According to information contained in the justifications furnished the Senate Appropriations Committee by AID, the total debt of developing countries has now reached \$35 billion, and probably is as much as \$40 billion, or almost seven times the annual value of net aid from DAC countries in recent years.

This debt includes a good deal of short-term, high-interest debt, which does not appear in the statistics of AID.

Statistics prepared by the World Bank illustrate the degree and the nature of the debt problem. According to the World Bank, its lending to developing countries of \$500 million resulted in net lending of less than \$200 million in 1965, because of the payments by borrowers on amortization, interest, and charges on outstanding loans with the World Bank.

Needless to say, the same thing may be applied to aid furnished by us. A good portion of our aid is being used, Mr. President, not only to take care of the interest that may be due us on past loans we have made, but more so to pay the interest on loans that have been made by our prosperous allies of Western Europe which are member of the DAC. Mr. President, I say in passing that in my opinion, this is one other reason why we have been granting 40-year loans, with a 10-year grace period.

I note further in passing, Mr. President, that usually the loans that are made by our prosperous allies from Western Europe are not made for 40 years nor for 30 years, but usually for from 5 to 10 years, and the interest rate they extract ranges from 4 to 6 percent. Indeed we are paying them well.

When anybody tells me that the underprivileged people of Asia and other parts of the world are getting a good deal of assistance from our rich allies, I say they get it, but we pay for it, through the grants and soft loans we make available out by the Development Loan Fund. I think it is ridiculous.

Mr. President, a second unsound prac-

tice by AID, which surfaces because of the presence of excess funding in the Development Loan Fund, is the granting of loans that should be financed in a businesslike manner by the Export-Import Bank.

The most conspicuous example of instance of this type is the nation of Israel. Here is a nation—in sound economic condition—which is well able to pay on regular commercial terms for what it gets, still on the loan list of the Development Loan Fund in fiscal year 1966.

It would seem that Israel will never get off the soft-loan dole. In fiscal year 1962, development loans aggregating \$45 million were made. In fiscal year 1963, the congressional presentation indicated that loans amounting to \$20 million would be made. Actually, loans totaling \$45 million were again made in 1963, or \$25 million more than the amount presented to the Congress. In fiscal year 1964, \$20 million was programmed according to the presentation made to the Congress and the same amount, \$20 million, was actually made available. In fiscal year 1965, the program presented to Congress indicated that loans would be made in the range of \$0 to \$10 million. Actually, loans aggregating \$20 million were made in 1965.

In other words, every loan made in the last 4 or 5 years to Israel exceeded the amount that was presented to Congress.

One again in fiscal year 1966, it was contemplated that loans would be made in the range of \$0 to \$10 million. Actually loans of \$10 million were made in fiscal year 1966, and to make matters worse, they were for commodity imports. And I repeat, these loans, or this form of a loan, should be made for the economic development of the country; but here we have a classic example of this loan fund being used to buy consumable commodities for Israel as well as many other countries.

The astounding fact is that Israel receives any soft loans at all. This nation is well off and should be able to get along with regular financing through either the Export-Import Bank or the World Bank.

Mr. President, I have here two exhibits, which give the details on program loans that we have made to Israel during the past 2 years and I ask that they be printed in the RECORD at this point.

There being no objection, the exhibits were ordered to be printed in the RECORD, as follows:

TABLE IV.—Status of development loans
[In thousands of dollars and equivalent]

Country: Israel.	
Title and number of loan: Program loan (IV); AID loan No. 271-H-096.	
Date authorized: May 25, 1964.	
Date signed: October 22, 1964.	
Loan Status as of Dec. 31, 1964:	
Authorized	Amount \$8,000
Disbursed	
Repayments	
Interest collected	
Loan terms:	
Duration	20 years.
Grace period	5 years.
Interest rate	3½ percent.
Currency of repayment	U.S. dollars.

PURPOSE OF LOAN

To assist the Government of Israel to meet the foreign exchange costs of imports of

capital equipment and materials for the country's investment program.

Eligible commodities include equipment for chemical, plastics, pharmaceutical, and metals manufacturers, construction and earth-moving machinery, and automotive and railway vehicles.

The growth of Israel's economy has been very impressive, and in recent years GNP has increased about 10% per year. Israel's development program consists of well-conceived priorities and operates through an elaborate system of fiscal, monetary and other controls designed to provide maximum stimulus to the economy by encouraging the most productive enterprises.

FINANCIAL STATUS

The documentation to meet the conditions precedent to disbursement has only recently been submitted by the Government of Israel. This is under review. It is expected that requests for reimbursement for eligible expenditures will result in most of these funds being disbursed during CY 1966.

PROCUREMENT SOURCES

All equipment, materials and related services to be financed by the loan will be procured in the U.S.

TABLE IV.—*Status of development loans*

Country:	Israel.
Title and number of loan:	Commodity financing, 271-H-120.
Date authorized:	June 23, 1966.
Loan status as of June 30, 1966.	
Loan terms:	
[In thousands of dollars and equivalent]	
Authorized.....	\$10,000.
Duration.....	20 years.
Grace period.....	5 years.
Interest rate.....	3½ percent.
Currency of repayment....	U.S. dollars.

The essential purpose of the loan is to assist the Government of Israel to meet the foreign exchange costs of imports to carry on the investment and production necessary for continued development of the Israel economy.

All goods and related services financed with loan funds will be procured in the United States. The loan is subject to such other terms and conditions as the A.I.D. may deem advisable, including approval of the specific categories of imports to be financed from the loan.

Mr. ELLENDER. Mr. President, funds available for foreign assistance are limited and they should be made available to those nations that are truly in need, if they are to be made available at all.

For a number of years now, Congress has been told that Israel, like Greece and Taiwan, was a transitional country in which aid is expected to be ended over the next several years. Well, both Greece and Taiwan—neither of which is as well off as Israel—have been taken off the economic aid list but, somehow, Israel manages to remain on the dole, getting the advantage of soft loans from the Development Loan Fund.

Mr. President, I am told that exhibits E and F, which I hold in my hand, are classified, and therefore I shall not ask that they be printed in the RECORD, nor shall I read them. But again, they show, Mr. President, that the funds borrowed will be used in order to finance the purchase of commodities.

The amount recommended by the Foreign Relations Committee for the Development Loan Fund should be reduced by the \$250 million called for in the pending amendment. I am confident that if this is done, there may be a slim

chance of getting the Development Loan Fund on a sound economic footing. I want to remind Senators that if the pending amendment is adopted, there will still remain \$598,862,000 for development lending in fiscal year 1967, which could be devoted hopefully to sound economic projects in the developing nations rather than to wasteful program loans, as has been done by AID during the past few years.

If the AID fund is reduced by the \$250 million called for in the pending amendment then AID may get the message.

It may stop obligating funds in the last month of the fiscal year. It may stop making so-called program loans for commodity imports. It may conform with the intent of Congress by making loans for projects that are economically feasible.

At least, Mr. President, these are my hopes.

I shall vote for the pending amendment and I urge Senators to do likewise.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Illinois. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS] and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from Arkansas [Mr. McCLELLAN], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Connecticut [Mr. DODD] are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama [Mr. SPARKMAN] would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Kansas [Mr. PEARSON].

If present and voting, the Senator from Connecticut would vote "nay" and the Senator from Kansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] is necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Pennsylvania [Mr. SCOTT] would vote "yea."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Connecticut would vote "nay."

The result was announced—yeas 59, nays 34, as follows:

[No. 145 Leg.]

YEAS—59

Aiken
Allott
Bennett
Bible
Boggs
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Church
Cotton
Curtis
Dirksen
Dominick
Eastland
Ellender
Ervin
Fannin
Fong

Fulbright
Gore
Griffin
Gruening
Hartke
Hickenlooper
Hill
Holland
Hruska
Jackson
Jordan, N.C.
Jordan, Idaho
Kuchel
McIntyre
Metcalf
Miller
Morse
Morton
Mundt
Murphy

Prouty
Proxmire
Randolph
Robertson
Russell, S.C.
Russell, Ga.
Saltonstall
Simpson
Smathers
Smith
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—34

Anderson
Bartlett
Bayh
Brewster
Case
Clark
Cooper
Douglas
Harris
Hart
Hayden
Inouye

Javits
Kennedy, Mass.
Kennedy, N.Y.
Lausche
Long, Mo.
Long, La.
Mansfield
McCarthy
McGee
McGovern
Mondale
Monroney

NOT VOTING—7

Bass
Dodd
Magnuson
McClellan
Pearson
Scott
Sparkman

So Mr. DIRKSEN's amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. DOMINICK. Mr. President, I call up my amendment No. 678.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Colorado [Mr. DOMINICK] proposes amendment No. 678, as follows:

On page 3, before the period at the end of line 24, insert a comma and the following: "and by striking out '1 per centum' and substituting '2 per centum'".

Mr. DOMINICK. Mr. President, I should like to get the yeas and nays on the proposed amendment, because it is my understanding that a vote will be required.

The yeas and nays were ordered.

Mr. DOMINICK. The proposed amendment is very simple. It would provide that in the development loans, which have now been set at \$370 million, the interest rate would be raised over the first 10-year period, which is given as a grace period in the development loans, from 1 percent, which is provided in the committee bill, to 2 percent.

I shall not discuss the proposed amendment at length, but I wish to call to the attention of Senators the fact that an interest rate as low as 1 percent is not available to any American citizen, in any way whatsoever, on any loan program affiliated with the Federal Government. The lowest interest rate generally in effect for anyone in this country is under the REA loans, at 2 percent.

With our deficit financing, it is costing us 4½ percent to borrow money from our citizens, and we are then asking our Government to give it away for 10 years,

with no principal payments, and at only 1 percent interest.

It does not seem correct to me that we should go forward in this way.

Mr. President, while we have a sufficient number of Members present, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. DOMINICK. Mr. President, as I said, I am not going to take a long time, but I do call the attention of Senators to page 9 of the committee report.

In the committee report, for the second portion, after the grace period, the interest rate is raised from 2½ to 3 percent, but nothing is done on the first 10 years of the interest rate.

We have an SBA disaster loan for our own people, but we ask our own people, when they are trying to get help from their own Government to help overcome disasters in their areas, to pay an interest rate of 3 percent.

It seems to me only proper, with this kind of interest situation facing our own people in the United States, that the very least we can do is to say to other nations: "You can pay at least 2 percent interest in the process of getting money from the Treasury of the United States."

I would cite college housing as an example in the point I am trying to make. We have established the improvement of our educational system and facilities as part of our natural policy yet 3 percent is required to be repaid into the Treasury for college housing loans. The same thing is true in connection with academic facilities. The Economic Development Act rate is 3.75 percent to 4 percent; under the National Defense Education Act it is 3 percent; and under the Farmers Home Loan it is 3 to 5 percent.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. SYMINGTON. As I understand the Senator's presentation, his amendment would establish an interest rate not more than the lowest interest rate known in this country, on any basis, of any kind whatsoever—specifically, the REA interest rate—and also it would be 2¾ percent less than the current cost of money to the Federal Government. Is that correct?

Mr. DOMINICK. The Senator is correct. I believe that this explains the entire situation in a nutshell.

Mr. SYMINGTON. I say to my friend from Colorado [Mr. DOMINICK] that I think his amendment is sound, therefore I look forward to voting for it.

Mr. DOMINICK. I thank the Senator from Missouri. I appreciate his support and I hope that the amendment is adopted.

I think that we are all taking a new look at the fiscal situation in this country. I think it has been intensified, as the Senator from Illinois [Mr. DIRKSEN] said in the process of debate on the previous vote, by the British situation at this time in which they are taking drastic action to prevent devaluation of the pound. This matter is accentuated even more by the recent conference which the President had with certain Senators and the leadership of the House,

in order to say to Congress, as a whole, that we have to do something to put our financial situation in order. This is one way we can do something about it.

I am not so naive as to believe that every nation that receives this money is going to pay us 2 percent interest. I suspect that we will find the situation as in the past. In the past the AID program has folded interest money, which is not being repaid, into the principal amount and then has gone ahead and refinanced it.

In view of the fact, as the Senator from Illinois [Mr. DIRKSEN] pointed out, we have had over \$117 billion already expended on this program to date with commitments beyond that to the international agencies, it seems to me proper that when these countries come to us for money—which our taxpayers cannot get anywhere—that we should make them pay at least 2 percent for the privilege of those funds.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. MORSE. Mr. President, I shall support the amendment of the Senator if we cannot get something better. I do not think that it goes far enough. I shall support it if we cannot get something better.

This has been a matter of considerable discussion for several years in our foreign aid debates and there are some facets of it that I believe the Senate should take into account.

I believe that 2 percent for the first 10 years is too low, and that paying 3 percent after the first 10 years is too low.

I certainly think that after the first 10 years, the so-called grace period, if the projects for which the money was loaned were worthwhile at all, the American people ought to get back, if possible, the use of the money, which is, of course, an interest rate far below the legal rate of interest in most of the countries in which we are making the loans.

I would have the Senator from Colorado consider the desirability of a rate of 3 percent, which is still below the cost of the use of money for the first 10 years, and the cost of the use of the money, or the interest rate, thereafter. I have urged this proposal for some years past, and in broad summary my reasons are as follows:

Although there are differences in the interest rates charged by other countries in their foreign aid loan programs, Canada, for example, charges an interest rate lower than ours; but let us face it: she does not make loans, even in relation to her national wealth, anywhere nearly comparable with the loans the United States makes.

France, I say in all fairness, makes a great many grants rather than loans; but as is also characteristic of the French foreign aid program, most of the aid from France goes to her former colonies, rather than to the areas of the world that have not had a French colonial interest in years gone by.

West Germany has an interest rate of 5 percent. It will be found that although the rates are somewhat spotty, by and large, other countries charge higher interest, I am advised, than does the United States.

But there is another facet that I should like to have the Senator from Colorado consider, and that is the effect of the low-interest-rate psychology upon the Government we seek to benefit. In our debate yesterday in connection with another amendment, it was pointed out that the Agency for International Development does not have the salutary checking requirement that is imposed in our own country upon Government agencies that seek appropriations from our Government for the building of various projects; to wit, the Corps of Army Engineers, in connection with dam, reclamation, and flood control programs; or, for that matter, in connection with other public works programs. We have a benefit-cost ratio requirement that must be shown. But we have not insisted upon such a requirement in the expenditure of American funds in connection with the AID program. I have carefully analyzed the Comptroller General's reports of criticism of our AID program over the years. In my judgment, what stands out as one of the causes of much of the inefficiency that characterizes some of the AID program is the very fact that loans are not sufficiently considered in order to assure the American people that they will go into good projects.

Mr. DOMINICK. I feel sure that the Senator from Oregon remembers that in the past I have supported amendments offered by the Senator from Oregon and the Senator from Alaska raising the interest rate. We went up that hill and we came down that hill several times. I am trying to exercise forbearance.

I have great sympathy for the point the Senator from Oregon is making. His point is well taken. But if we can at least get the rate up to the lowest level at which our own citizens can borrow it, we shall be making one step up the hill and be making a footprint that will give us enough leverage to go forward next year.

Mr. MORSE. I understand. That is why I will support the Senator's amendment if that is the vote I am called upon to cast.

But I should like to speak a little longer, if the Senate will permit, in regard to the effect of the low interest rates on other countries. It has a tendency for the submission of projects not so strong as they would have been had the country known it would have to pay a higher interest rate. Some pretty slipshod work has been done over the years in connection with the making of AID loans. I think that a fair interest rate has a good chance to help guarantee to the American people that there will be a sounder program of projects than is likely to be the case if it is almost a giveaway interest program.

Furthermore, I cannot escape taking note of what the fiscal policies of some of these countries are in regard to some of the loans they make. When we make this AID money available at a low interest rate, what it amounts to, as I pointed out in the analysis I gave yesterday in connection with another amendment, is greater economic savings to these countries using this AID money in relation to the economic resources of the country.

And what is their interest rate?

It is 12, 13, 14, 15 percent—in some instances, the record shows it goes up to 34 percent.

That is why we often hear criticism that we are soft in regard to the handling of our own taxpayers' money. These governments do not do it with their own money. It seems to me that we should not let them make excess profits off the American taxpayer by way of saving on the interest rate, as a result of the savings we make available to them so that they will have more capital to loan out at their exorbitant interest rates.

The last point I should like to make, which is one of our most serious problems in connection with the Alliance for Progress program, is trying to get them to adopt interest reform, to bring down their interest rates to a reasonable amount so that their people will not be gouged by excessive interest rates which the countries charge. I think we have an opportunity to teach a good lesson here. We say to them that we want to make sure that the project will be one which will pay off, that if it is a sure loser we should not be making the loan in the first place. If it is a project that has a favorable benefit-cost ratio, then we should make the loan.

That is the kind of foreign aid I want to support. That is why Senators hear me say that I would increase foreign aid for that kind of program. If they are sound projects, the American taxpayer should be entitled to repayment and also to the cost of the use of the money interest rate.

I think that this is a lesson we should teach in connection with the whole system of a sound program of economic freedom, or private enterprise. We cannot reconcile the interest rate program we have been following, in my judgment, with what I think is the responsibility we owe the people who invest their money in sound projects and expect them to pay a fair interest rate.

I know that the Senator from Colorado has already answered my question, because I was going to suggest to him if he would be willing to make that 3 percent for the first 10 years and the cost of the use of the money interest rate after 10 years. Apparently, the Senator feels that the proposal which I have made from time to time in past years could not pass this session of Congress—although I should like to try—and he feels that he should settle for the 2 percent and do nothing about the interest rate after 10 years. I would at least plead with him to modify his amendment so that after 10 years interest rate it would be 3 percent but the cost of use of the money interest rate would be left at 2 percent for a starter.

Mr. DOMINICK. I thank the Senator from Oregon for his support and thank him also for the cogent comments he has made concerning these problems.

I would suggest that the question of the interest rates after 10 years could come up in a separate amendment. One of the things my proposal would do on the first 10 years, would be to make sure that each country knows that the development loan is in fact a loan and not a grant. This is part of the problem we

have had in the past, and part of the reason, I suspect, why AID administrations over a period of time have taken the authority which has been given to them and given over \$10 billion worth of grants which Congress at least was led to believe were loans originally. I think, by putting this up to 2 percent, we can really make an impact by showing the people who are coming in and asking for this money that we do consider this as an obligation, that this is a debt that they will have to repay, that this is a loan and not a grant, and that we do not intend to fold it back in again and re-finance it in the form of a grant.

Mr. LAUSCHE. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. I should like to point out that in the past we have had three categories of loans. One, hard current interest rate loans. Two, loans that did not bear the current rate, nor were bound in length of tenure to current provisions. The third category was not a loan but a grant.

This policy was developed in trying to choose a midway ground. One, current rate of interest and current tenure. Two, grants. Thus, there was chosen a midway ground, and that is what the Senator from Colorado is speaking about.

I do not completely eliminate the midway ground. We should keep it in existence. I will support the proposal of the Senator from Colorado to make the interest rate 2 percent in the first 10 years, and continuing the 3 percent interest for the remainder of the time allowed to amortize the entire debt. But I do think it would be a mistake to eliminate this midway ground which has been in existence for the past 10 to 15 years.

Mr. DOMINICK. I thank the Senator from Ohio. I deeply appreciate his support. I am inclined to agree with him.

The problem, of course, is that by the development loan, what we are trying to do in part is to get the economies of the other countries built up so that they can improve the total world market, in order, thereby, to become a market for the United States. We do not wish to take a position which would be self-defeating by imposing tough terms so that countries could not build themselves up. This is one reason why I brought the rate up to only 2 percent at this time, although I know what a burden it will be on our taxpayers in order to provide the funds, and to have to borrow it at 4½ percent and loan it out again at only 2 percent.

I thank the Senator from Ohio.

Mr. McGEE. Mr. President, the United States has been solidly committed to the effort of raising the level of economic and social development in southeast Asia for the past 20 years. While assistance levels have risen considerably—from only a few millions annually just after the end of World War II to the present rate that represents more than 25 percent of all U.S. economic assistance worldwide—the aims have not appreciably altered. Basically, they remain American efforts to help the people help themselves. Throughout its history, our

AID program's primary purpose has been to eradicate the conditions which make South Vietnam a fruitful field for Communist subversion.

We have devoted our efforts toward lifting the living standards of that unfortunate nation's 16 million people. Rather than improve, the per capita share of South Vietnam's gross national product of barely \$115 million a year can hardly keep up with the almost 3 percent annual growth rate in population. To survive economically, the Government must count on receiving more than half of its total revenues from Foreign grants.

In fiscal year 1966 this meant approximately \$725 million in economic aid from the United States, including surplus agricultural commodities under Public Law 480. The current year program is planned to cost about the same.

From the start, this program has not committed the United States to military action. On the contrary, they have committed us to assist in the economic and social development of the Vietnamese nation. The military commitment is a separate subject, related to the aid program only in the sense that they both proceed from a single U.S. policy. When, as a result of the Geneva Conference, Vietnam was divided at the 17th parallel in June 1954, the northern half held almost all of the available natural and industrial resources. It also held almost 1 million persons who refused to live under communism and immediately started their refugee trek to the south.

South Vietnam's existence was fragile indeed, but nevertheless, with the help of American aid, considerable progress was made. In the first 5 years after partition, rice production was doubled. The malaria eradication program had expanded to protect 83 percent of the people, and other endemic diseases such as cholera were being brought under control. An industrial base was in the making with the establishment of new industries ranging from food processing to textiles and pharmaceuticals. Mining was being developed and communications were moving forward.

When the Vietcong set out to destroy this young nation, South Vietnam became a battlefield, with its most skilled people the deliberate targets of assassination. The subversion by the Communists, which had begun right at the beginning in 1954 with an estimated 10,000 of them fading into the peasant population, according to Senator MANSFIELD's report to the Foreign Relations Committee, was stepped up. More cadres and soldiers moved in from the north, bringing more insecurity and more terror.

In 1965 alone, 354 Vietnamese civilians engaged in rural development programs were murdered and another 500 were wounded. Since 1958, the Vietcong have assassinated or kidnapped 61,000 village leaders and local representatives of the government. In the past 5 years, 13 malaria control workers have been killed and more than 150 have been wounded or kidnapped.

While this subversion was infecting the nation, the United States was trying to help the Government build effective eco-

conomic and social programs for the people. Four-fifths of the population are farmers or fishermen. Agrarian reform has long been recognized by both the Government of South Vietnam and the United States advisors as an essential need. Large landholdings in this predominantly agricultural country had traditionally been the rule. In the Mekong Delta, for example, 2½ percent of the owners of property held title to about half of all the cultivated land. High rentals, high fees for irrigation, uncertain rights to renew leases—all these contributed to the dissatisfaction that the Government sought to mitigate.

Beginning in 1955, a land reform program was developed with these principal features: to limit rental fees to 25 percent of the main crop, to provide for 5 years' tenure security, to purchase and distribute to the farmers French-owned riceland, to limit Vietnamese-owned riceland holdings to about 250 acres, to provide for distribution of land to former tenants, and to establish a farmers' association. While the increasing insurgency has made more difficult the land reform program, still some million and a quarter acres of arable land are presently being distributed to the farmers of South Vietnam.

We have a right to ask ourselves: "What has all this aid done for Vietnam?" In terms of people, we see many favorable signs, such as the increase of elementary school enrollment three times over since 1954; the distribution of 7 million elementary textbooks with a goal of double that number by the end of next year; the construction of 6,200 rural classrooms; and a teacher-training program that is graduating almost 3,000 new elementary schoolteachers each year.

These are things that have meaning for people. So does our program to help improve the health facilities of this nation. There are approximately 1,000 doctors in South Vietnam, but more than 600 of them are in the armed forces. This means 1 doctor for every 40,000 people; the U.S. ratio is better than 10 times that. With American assistance, the Government of Vietnam has built a training center designed to graduate 200 new doctors annually. Village and hamlet health stations have been established and stocked with medicine in 12,500 rural areas—about the number of hamlets in all of South Vietnam.

To make all this possible, the AID program must provide large quantities of commodities—such as \$21 million worth of paper, pulp, and newsprint partly to assist with the schoolbook publishing program, \$17 million worth of fertilizer to increase the rice yield. All these commodities and many more arrive in Vietnam through AID's commercial import program, the C.I.P. The C.I.P. has three interlocking objectives. In the first place, it helps counter inflationary pressures by putting more goods on the market. In the second place, the C.I.P. makes available to the Government of Vietnam the foreign exchange it lacks but needs for essential imports. Finally, the C.I.P. generates counterpart revenues additional to the Government's own taxing potential.

This is a big program. How it can help alleviate a price squeeze can be seen in a recent example with cement. AID provided C.I.P. for the import of more than \$13 million worth of cement last year, but still the price rose as demand increased. Six months ago, an acute shortage, with military commanders vying with farmers and contractors for every bag, drove the price for a 100-pound sack up to 300 piasters. Efforts on the part of AID personnel to move more cement into the country under the C.I.P. succeeded in driving the price down 40 percent, so that today the same bag sells on the open market for 180 piasters.

At Honolulu last February, Premier Ky said of the social and economic programs his Government was putting into effect: "We are 12 years late—but we are not too late." In the same way, our aid to that country, while it has been consistent in its purpose of building a viable country strong against internal subversion and external aggression, has not until recently been provided in such large quantities. But it is hopefully not too late to bring about the changes that we have been striving for ever since we started providing aid to South Vietnam.

Mr. ANDERSON. Mr. President, I am going to work toward the passage of a reasonable foreign aid bill and will try to sustain the committee in the decision that our Foreign Relations Committee reached.

It has been almost 20 years since the Marshall plan was established. The plan was a major American commitment of moral support and material wealth to the rebuilding of wartorn Western Europe. I had some involvement in that program as Secretary of Agriculture. My primary responsibilities, however, were in the worldwide food relief program. The devastation of war and severe weather had left scores of millions suffering from acute hunger; famine was stalking India, China and other lands. Those were the days of the Combined Food Board, which was a multinational organization based here in Washington to allocate scarce food among the hungry nations. By 1948—after a strenuous effort here and abroad, the food crisis has been eased.

It is with a feeling of dismay that I view the global food situation today and see that in many parts of the world the situation is as critical or more so than it was two decades ago. In the past 5 years population in Asia has climbed 5 percent; in Latin America population is up 17 percent. But food production has risen by only 10 percent, so that per capita food conditions in Latin America and in Asia are worse today than 5 years ago. I mention this food crisis simply because some 20 years ago I had a day-by-day involvement with famine—and today famine and malnutrition still plague many lands.

Shipments of surplus food and the food-for-peace program are only part of our assistance program abroad. Since the Marshall plan the United States has provided over \$65 billion in aid. That figure may be startling to some, but it should be kept in proper perspective. In the post-World War II period we were contributing 2 percent of our gross na-

tional product to foreign economic assistance. The aid bill now under consideration authorizes about one-third of 1 percent of our gross national product—although I am aware that there are other contributions which the United States makes for foreign economic development through loans and grants apart from the present authorization. The members of the Foreign Relations Committee have far more intimate knowledge of the aid program than I do, and some of them have been critical of the assistance policies and the conduct of the program.

There have been instances where aid commitment has been too small to have significant impact, or where the receiving nation has used our help to perpetuate incompetency, corruption, and social injustice. There is no intention on my part to be an apologist for those conditions. But I think it is important that the committee, despite its criticism, declared:

Finally, the committee deems it appropriate to reaffirm its view that, despite the irritations, frustrations, and disappointments, the foreign aid program remains an essential instrument of American foreign policy and is likely to be so for some time to come. It is necessary and will continue to be necessary, for a transfer of resources to take place in one form or another between rich countries and poor countries.

Barbara Ward has written:

If you do not change agriculture you will not change the economy.

There have been countries which have ignored agriculture and instead have assigned too much of their limited resources to premature schemes for industrialization, or for the trappings of a highly developed society. But agriculture is basic in the underdeveloped lands. Most of the population lives on the land and it is the starting point of wealth. While the Communists have attempted to lure the underdeveloped areas of the world toward the left, it is in this area of agriculture that they can hold out little hope because of their own lack of success. Before the war the Soviet Union, the Communist bloc countries, and mainland China were exporters of food. Today they are importers, and the Soviet Union—with 50 percent of its people on the farms—is not self-sufficient and mainland China must turn to other areas to meet food deficits.

A portion of the mineral resources of New Mexico is going into an increasing effort to raise world food productivity. And, at the same time, New Mexico's economy is the beneficiary.

In 1965 foreign aid export orders in New Mexico totaled over \$6 million for potash fertilizer, according to the Agency for International Development. Approximately one-third of the potash fertilizer exported was obtained through the AID programs. In addition, a number of foreign nations made direct purchases of potash fertilizer, and those countries were able to do so, in part, because they had been recipients of American aid and had reached the point where their growing economies required additional purchases in this country. Sometimes, I think, people forget that aid recipients are large customers for American products.

I am heartened by the international and regional approach to economic problems which seems to be growing in Central America, in Africa, and in southeast Asia. It is a new but vitally essential way to approach development as we are discovering in the United States.

On April 7, 1965, at Johns Hopkins, President Johnson declared this Nation's support for an intensive development of the resources of the lower Mekong River to provide water and power for a watershed embracing Cambodia, Laos, Thailand, and Vietnam. Twenty million people live in that vast basin; this number will double in the next 25 years. After hearing that speech I immediately wrote to the President to declare my support for this undertaking in cooperation with a number of other nations because, as I wrote, "it would be far more constructive to use the money in building up the economy of the area involved."

But we have more than dollars to offer this area. We have talent as well. The United States has years of experience in developing huge multipurpose water projects here at home.

I was quite interested on Monday in the Bureau of Reclamation announcement that it was creating a special technical staff to investigate the Pa Mong project on the Mekong River between Thailand and Laos. Pa Mong would produce more hydroelectric power than the Tennessee Valley Authority, as well as having the potential for irrigating more than 2 million acres of land. I think all Americans can be proud of this effort, undertaken at the request of the Agency for International Development.

We must not undertake these projects simply to be anti-Communist or anti-any-other hostile ideology. To do that would be to open the way to being continually blackjacked into assistance programs neither in the real interest of the foreign nation or our own.

I recall a meeting in Paris with the Premier and members of the Cabinet of a certain European country which was threatened by internal political turmoil and virtual civil war. The Premier told me that unless we met his full demands for food that the government would topple and the country would go Communist. My suggestion to him was that he and his cabinet look around for other jobs because we simply could not meet his demands. When he calmed down I discussed with him what we could do and he recognized that there are limitations to any country's resources and commitments, and we were then able to arrive at a level of help which, in part, helped preserve a free nation.

We should recognize that even if there were no threat from communism in the less developed lands their economic and social plight would create mass discontent. We need to continue foreign aid.

THE 1966 BUDGET DEFICIT PARED BY \$4.1 BILLION

Mr. BASTORE. Mr. President, yesterday, together with several of my colleagues from the Senate and also from the House, it was my privilege to attend a meeting called at the invitation of the

President of the United States at the White House.

I came away with a very deep and abiding feeling that the President and his administration are to be congratulated for their superb performance in reducing the budget deficit for the fiscal year just ended. Only last January, the gap between receipts and expenditures was estimated at nearly \$6½ billion; today, we know that the actual deficit for the year turned out to be \$2.3 billion.

Thus, the estimated deficit has been pared by \$4.1 billion—it has been cut by two-thirds. This achievement constitutes an important milestone along the path to a balanced budget.

The shrunken deficit for 1966 is even more impressive when placed in the perspective of recent history.

It is the smallest deficit in 6 years.

Even more striking, it is an improvement of about a half billion dollars per year in the average budget result for the past 20 years beginning in 1947.

This latest fiscal feat attests to the basic strength of our economy, and the close rein the President has held on Government spending. It gives added stamina to our prolonged prosperity. It occurred despite the added costs of defending the freedom and integrity of the Vietnamese people. In fact, because of these demands on an already vibrant economy, the reduction in the deficit is a welcome sight. It reflects the administration's commitment to exercise the restraint necessary to protect the value of the dollar and future economic progress.

THE AIRLINES STRIKE—POSSIBILITY OF LEGISLATION TO RESUME OPERATION OF PLANES

Mr. SMATHERS. Mr. President, the 13-day-old airline strike has become an intolerable burden on the American public.

Because of an unresolved dispute between five major airlines and 35,400 members of the International Association of Machinists, millions of citizens with no direct interest in the negotiations have had their lives—and in many cases, their livelihoods—severely disrupted by the grounding of 60 percent of the Nation's domestic airliners.

More than 150,000 travelers and 4,100 flights a day have been affected by the machinists' walkout; 231 cities in the United States and 23 foreign countries have had their air service limited in some degree. Seventy of the cities now have no commercial traffic at all.

The struck airlines normally carry approximately 70 percent of all airmail shipments, and currently, airmail is flowing from hours to days behind schedule.

In my State of Florida alone, 534 daily flights that carried an estimated 20,000 passengers in and out of our three largest cities have been canceled.

Mr. President, this strike would be serious enough if it did nothing more than keep a businessman from a meeting, a family separated, or a relative from the bedside of a dying patient. But its effects are far wider and more devastating than these.

The five airlines—National, Eastern, Northwest, T.W.A., and United—have been forced to furlough without pay more than 20,000 nonstriking workers.

Allied industries, such as hotels and motels, taxicabs, tourist attractions, and retail stores have also felt the economic pinch brought on by a partially immobilized America.

In the larger picture, the present strike—if allowed to continue much longer—could prove to be the catalyst that sets off a general economic downturn. For, even without idle airlines, there are ominous indications that the period of sustained growth could be beginning to give way.

Second quarter retail sales for this year are off 2.6 percent from the preceding quarter. The gross national product registered the smallest increase in the second quarter since the fall of 1964. Personal income gained less than in any quarter since the spring of 1963.

The severe shortage of money in the lending market and the consequent spiraling interest rates have braked expansion substantially in several areas of the economy.

These factors, coupled with a prolonged stalemate between 5 corporations and 35,000 employees, could ultimately mean incalculable losses to all Americans—losses stretched over a considerable length of time.

Mr. President, with the passing of each hour, the situation grows more desperate, and the need for a remedy grows more desperate, and the need for a remedy grows more urgent. But a remedy through the normal processes of collective bargaining does not appear to be close at hand.

While progress toward a settlement moves at a turtlelike pace, the Nation stands on the sidelines, helpless to do anything but watch in agony as the slow drama unfolds. Our sole legal recourse, the Railway Labor Act has been exhausted—and found wanting.

Under these circumstances, several Senators and I are at present exploring the possibilities of introducing legislation to put the planes back in the air while Federal arbitrators decide the issues in contention. We are not thinking in this instance in terms of a broad, general bill requiring compulsory arbitration of all major strikes. Rather, we have in mind a bill to deal only with the airline strike now confronting our citizens. It would be a limited measure to correct this particular set of circumstances.

We are not without precedent for such a move. On August 28, 1963, the late President Kennedy signed into law a bill requiring arbitration of the railroad work rules dispute. This was a law tailored to a specific situation and designed to protect the interests of the general public against the potentially disastrous effects of a stalemate between labor and management.

There are some differences between the work rules fight of 1963 and the airline strike of 1966, but there are also clear similarities.

The railroad industry and the airline industry are two of the cornerstones of our Nation's transportation system.

received, although several bills dealing with such situations have been introduced.

There is no doubt that the present strike does, indeed, threaten the national interest. My State, especially, is feeling the effects of the strike. Hotels, motels, restaurants, travel agencies, and other tourist-related businesses have advised me of the adverse impact the strike is having at the peak of the tourist season. Some of these firms are considering lay-off of employees unless the strike is settled soon.

Other States, not only those in which tourism is a major industry, but all those dependent upon adequate airline service for business and commerce, are experiencing sharp economic hardship. Income losses to individuals are incalculable.

It is estimated that the revenue loss to the airlines is now approaching \$100 million. The Federal Government is losing badly needed tax revenue on these earnings, in addition to taxes on the salaries of airline employees, the earnings of businesses whose volume and sales are slumping because of the strike, and the 5-percent air transportation tax for airline passengers.

Last week, Mr. President, I appealed to the chief negotiators for labor and management to submit the dispute to binding arbitration. I also requested that the President use his fullest power in resolving the strike. I am confident that either approach would result in a fair and equitable settlement.

Since the public interest in our modern civilization demands that steps be taken to end the strike, I again appeal to the President to employ the full resources of his office to bring the dispute to settlement.

I recall his positive action last fall in calling the parties in the steel dispute to the White House for continuous sessions, and his constant appeals for negotiations to proceed in an atmosphere of cooperation and respect.

I would also welcome the President's legislative proposals for dealing with this and future strikes involving the national interest.

Traditionally, both labor and management have expressed opposition to compulsory arbitration, but demands are increasing daily for action to resolve the problem of costly and disruptive strikes in which the general public is the biggest loser. I believe that if the day comes when compulsory arbitration legislation is enacted by the Congress, it will be inspired by such situations as we are presently experiencing. The immediate, short-range problem demands Presidential impetus if the strike continues. The long-range problem requires a thorough congressional study of methods to protect the national interest in disputes affecting the traveling public and the national economy.

Mr. ROBERTSON. Mr. President, I ask unanimous consent to print in the RECORD a statement concerning the airline strike I issued to the press yesterday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FROM THE OFFICE OF SENATOR A. WILLIS ROBERTSON, DEMOCRAT OF VIRGINIA

Senator A. WILLIS ROBERTSON, Democrat of Virginia, warned airline machinists today that a continuation of their strike against five major airlines may force Congress to consider legislation making labor unions subject to the anti-trust laws.

The Senator said, "It would pay labor leaders to take notice of the unjustified loss being inflicted on the business interests of the nation, as well as on the traveling public, by the stubborn refusal of a relatively small group of airline employees to accept a very fair settlement offered by a fact-finding board headed by Senator MORSE of Oregon."

"If the strike continues much longer, Congress, in defense of the public interest, will be forced to act on legislation that would make labor unions subject to the anti-trust laws when they use their bargaining power to threaten the general welfare of the nation," Senator ROBERTSON continued.

The Virginia Senator said he has received complaints from all of the major cities of his State, which he promptly brought to the attention of the President and Secretary of Labor. He said the President had indorsed the fairness of the report of the Commission he appointed to arbitrate the wage issue, and the Senator said he personally feels it would be inexcusable on the part of this union to continue its demand for still higher wages under the circumstances.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 818) to amend section 4071 of the Internal Revenue Code of 1954.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, the pending business is the amendment of the Senator from Colorado [Mr. DOMINICK]. I wonder if we might get to a vote on his amendment. The Senator from Colorado has made his statement. I wish to say a few words in connection with the amendment.

I shall oppose the amendment.

This aspect of the development loan program is essential if we are to carry on this kind of assistance program. There are already a number of sources for high interest rate loans. We have the Export-Import Bank, the World Bank, and there are the regular commercial banks.

Loans under the development loan program are subsidized loans and especially tailored for underdeveloped countries.

These countries already devote a very high proportion of their income to the repayment of loans and the payment of interest. There has been much public discussion about this problem. Mr. Woods of the World Bank has made statements on two or three occasions recently. I had them printed in the RECORD recently and I will not delay the Senate by reviewing them now.

The increases in the burden for servicing existing loans are going up rapidly. Adopting this amendment is a practical way of stopping this aspect of our loan program. As long as we are going to have this type of development assistance it should be on soft terms.

Statements were made about much softer terms being extended in smaller amounts, it is true, by Canada and England. But their programs are not at all comparable to ours. The existing approach is the correct one.

I hope that the Senate will reject the amendment.

Mr. KUCHEL. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I am glad to yield to the Senator from California.

Mr. KUCHEL. So that the record may be clear will the Senator repeat how this percentage figure would apply to the Development Loan Fund and the inter-American lending program?

Mr. FULBRIGHT. As I understand it, Alliance for Progress loans and development loan are both made at 1 percent for the first 10 years. The Senator from Colorado [Mr. DOMINICK] wishes to make the interest rate 2 percent for that period.

Mr. KUCHEL. Are they 1 percent administratively or by statute?

Mr. FULBRIGHT. By law. The law provides for a minimum of 1 percent for the grace period and 2½ percent afterward. But the bill increases the interest rate on the second stage to 3 percent, not with my approval, I might say. I opposed that but the committee, in its wisdom, approved an increase to 3 percent.

Mr. KUCHEL. How long is the grace period?

Mr. FULBRIGHT. 10 years.

Mr. KUCHEL. The Senator says that the bill provides after a 10-year grace period, the period for repayment is pegged in the bill at 3 percent?

Mr. FULBRIGHT. No. The bill reported by the committee increases the rate for the second stage to 3 percent.

Mr. KUCHEL. The existing law is 2½ percent during the repayment period and the bill would change it to 3 percent?

Mr. FULBRIGHT. The Senator is correct.

Mr. KUCHEL. I thank the Senator.

Mr. DOMINICK. Mr. President, I wish to make one statement. The committee report increases from 2.5 percent to 3 percent the interest rate during the period of the loan after the 10-year grace period. This could go on for as long as another 20 years. In other words, the loan could go for 30 years.

In fixing the interest rate, the report states as follows:

In view of the significant increase in the cost of government and private borrowings since then, the committee believes that the increase of one-half of one percent is fully justified.

I suggest that raising this in the pre-repayment period from 1 to 2 percent, when they do not have to pay any principal at all, and putting them on a par with the cheapest form of borrowing that our citizens can obtain in this country—under REA—is equitable.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado [Mr. DOMINICK].

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Washington [Mr. MAGNUSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Alabama [Mr. SPARKMAN] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] is necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from New York [Mr. JAVITS] is absent on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON] and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 51, nays 38, as follows:

[No. 146 Leg.]

YEAS—51

Allott	Ervin	Morton
Bennett	Fannin	Mundt
Bible	Fong	Murphy
Boggs	Gore	Prouty
Brewster	Griffin	Proxmire
Burdick	Gruening	Randolph
Byrd, Va.	Hartke	Russell, S.C.
Byrd, W. Va.	Hill	Saltonstall
Cannon	Hruska	Simpson
Case	Jackson	Smith
Cooper	Jordan, N.C.	Stennis
Cotton	Jordan, Idaho	Symington
Curtis	Lausche	Talmadge
Dirksen	Long, La.	Thurmond
Dominick	McIntyre	Tower
Eastland	Miller	Williams, Del.
Ellender	Morse	Young, N. Dak.

NAYS—38

Aiken	Inouye	Moss
Bartlett	Kennedy, Mass.	Muskie
Bayh	Kennedy, N.Y.	Nelson
Carlson	Kuchel	Neuberger
Church	Long, Mo.	Pastore
Clark	Mansfield	Pell
Douglas	McCarthy	Ribicoff
Fulbright	McGee	Smathers
Harris	McGovern	Tydings
Hart	Metcalfe	Williams, N.J.
Hayden	Mondale	Yarborough
Hickenlooper	Monroney	Young, Ohio
Holland	Montoya	

NOT VOTING—11

Anderson	Magnuson	Russell, Ga.
Bass	McClellan	Scott
Dodd	Pearson	Sparkman
Javits	Robertson	

So Mr. DOMINICK's amendment was agreed to.

Mr. DOMINICK. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DIRKSEN, Mr. PROUTY, and Mr. HRUSKA moved to lay the motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MONDALE. Mr. President, I send to the desk an amendment to the foreign aid bill, and ask that it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 6, line 9, strike out "subsection" and insert in lieu thereof, "subsections".

On page 6, line 16, strike out the quotation marks.

On page 6, between lines 16 and 17, insert the following subsection:

"(e) In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously deficient, a high priority shall be given to efforts to increase agricultural production, particularly the establishment or expansion of adaptive research programs designed to increase acre-yields of the major food crops. Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions."

ADAPTIVE AGRICULTURAL RESEARCH
AMENDMENT

Mr. MONDALE. Mr. President, my amendment is very simple. It would amend the title dealing with technical cooperation and development grants by adding a declaration of congressional policy stressing the importance of adaptive agricultural research in nations facing serious food shortages.

I have been impressed, Mr. President, by the overwhelming agreement in the administration and the Congress on the need to increase emphasis on agricultural development in our foreign assistance programs. We are all recognizing, as never before, that agriculture is the foundation of a nation's development, and that unless it can produce enough to feed its people, or earn enough foreign exchange to buy food in international commercial markets, it cannot hope to achieve sustained economic progress.

But it is not enough to increase emphasis on agriculture. We must also make sure that we are doing all the right things in our farm aid program.

And in the past, supporting practical farm research is one of the "right things" that we have not been doing nearly enough of. As Prof. Theodore W. Schultz, the distinguished agricultural economist at the University of Chicago, said in testimony before the House Agriculture Committee earlier this year:

Although we have developed an outstandingly productive agriculture in the United States, we have not done well as builders of agriculture abroad. We have long been hampered by what I would call the extension bias, and as a consequence, agricultural research has been postponed, put off, and grossly neglected. When research has been undertaken, altogether too little attention has been given to the development of viable agricultural research centers.

And if we look at what others have said, we find that experts in foreign agriculture joint overwhelmingly in the verdict that such practical farm research

has been seriously neglected in aid programs of past years.

As one example of this neglect, we can look at the statistics for Latin America. In the period from 1960 to 1962, the U.S. Government and international and regional agencies together spent less than \$8 million on agricultural research in tropical Latin America. At the same time, we spent nearly \$2 billion—about 250 times as much—on adaptive agricultural research in the United States.

Such research is essential to adapt seeds, fertilizers, techniques, farm equipment, and methods which have worked in other locations to the particular soils and weather conditions in hungry lands. My amendment would require that it be given the high priority it deserve in our aid program.

My amendment would; in addition to stressing agricultural research, urge that research and educational institutions in the United States play as great a role as possible in our foreign aid programs in this area. Our land-grant colleges have been the key to farm progress in America. We must draw more fully upon their know-how in helping overseas agriculture.

Mr. President, I hope that this amendment can support the changes being proposed in our foreign aid program, and in the Food for Freedom Act now before the Senate Agriculture Committee, to give proper attention to agricultural assistance in our foreign aid. Too often in the past we have short-changed agriculture in favor of glamorous industrial projects which have little impact on the lives of the common people. And when we have assisted agriculture, we have been too inclined to use short-term, crash programs, without a serious effort to develop the knowledge needed to increase farm output through continuing research.

My amendment, if adopted, would put the Congress clearly on record to remedy these past deficiencies, and to support strong, practical farm research programs in developing countries.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. FULBRIGHT. Mr. President, the committee considered this amendment. We thought it was a good amendment and we put the language in the report concerning it. I approve of the objective of the amendment. If the Senator from Minnesota feels very strongly that it ought to be in the law, I have no objection. I am perfectly willing to take the amendment, since the Senator feels very strongly that it should be in the law as well as in the report.

Mr. MONDALE. The reason why I would prefer to have the language in the law as well as in the report is that, as the distinguished Senator from Arkansas knows, we have had difficulty in persuading those who administer the program to give enough emphasis to adaptive agriculture research. They are beginning to move in that direction, and I feel sure that this language would be more effective in persuading them to emphasize research if it is made a directive in the law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. MONDALE].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 658

Mr. DIRKSEN. Mr. President, I call up my amendment No. 658.

The PRESIDING OFFICER. The amendment of the Senator from Illinois will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 20, between lines 3 and 4, insert the following:

"(f) Section 620, which relates to prohibitions against assistance, is amended by adding at the end thereof the following new subsection:

"(p) No loan shall be made to any country under the authority of this Act for use in any manner by such country in meeting all or part of its obligations to the United States under any other loan made to such country under this Act."

Mr. DIRKSEN. Mr. President, the purpose of this amendment is to prevent AID from making loans where there has been a delinquency in interest and it has undertaken on its own to fold interest into the loans and then recapitalize it. We submit it is a bit of bad practice. I have discussed this matter with the chairman of the committee. I think it should be made part of the bill. It will forestall that kind of practice on the part of AID.

Mr. FULBRIGHT. Mr. President, as a matter of administrative policy, of course AID does not now make loans to pay off other loans. I think the amendment is objectionable, because that is not the policy. On the other hand, it should not be done. I agree with the Senator on that. The AID officials say they do not do it, but I admit that the amendment carries out a good principle. I think it is good policy.

Mr. DIRKSEN. The only difficulty is that AID does it.

Mr. FULBRIGHT. I do not know how the Senator could prove it.

Mr. DIRKSEN. We had the AID people up here and we went over the books. AID can say that they do not do this, but in the first instance there should be an interdiction of that kind of practice.

Mr. FULBRIGHT. I have no objection to the principle. AID should not make loans which are used to pay off others. That is not a development loan by any stretch of the imagination. AID says it is against its policy to do that.

Mr. DIRKSEN. The officials told me they do it.

Mr. FULBRIGHT. They told me something else. Apparently the wires got crossed somewhere. At any rate, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 659

Mr. DIRKSEN. Mr. President, I call up my amendment No. 659.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 20, between lines 3 and 4 insert the following:

"(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding the following new subsection:

"(p) No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payments to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is essential to the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination."

Mr. DIRKSEN. Mr. President, this amendment simply meets the problem of default on the loans. But we do put in an exception clause, so that the prohibition could be waived on notice to the Speaker and to the Senate Committee on Foreign Relations that a loan would be essential in the national interest. Obviously, we do not wish to prohibit loans of that character.

Mr. FULBRIGHT. Mr. President, will the Senator yield to me?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. According to our calculations, this amendment would affect only one country presently, Indonesia. It might affect others at other times.

Inasmuch as we are not now providing aid to Indonesia, and I do not recommend that we do so, I have no objection to the amendment, particularly since there is the proviso that loans could be made if the President determines that it is in the national interest.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DIRKSEN. I move to reconsider the vote by which the amendment was agreed to.

Mr. FULBRIGHT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 660

Mr. DIRKSEN. Mr. President, I call up my amendment No. 660, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 4, between lines 10 and 11, insert the following:

"(d) Amend section 204, which relates to the Development Loan Committee, by inserting '(a)' after the section number and by adding at the end thereof the following new subsection:

"(b) No loan shall be made under this title until (1) the application therefor shall have been submitted to the International Bank for Reconstruction and Development with a request for recommendations concerning the need for the loan, the propriety of the proposed terms thereof, and the likelihood of repayment, and (2) such recommendations shall have been received and con-

sidered, or a period of sixty days shall have elapsed following such request and no such recommendations shall have been received."

On page 4, line 11, strike out "(d)" and substitute "(e)".

Mr. DIRKSEN. Mr. President, at the rate the facilities of the World Bank are expanding, it is quite fair to assume that, as an appraisal instrumentality, it will probably be the best that we shall ever have.

I do believe that before we put the people's money out on loan in some far off place, there ought to be an assessment or an appraisal of the conditions far better than what we receive today.

This amendment merely proposes that it be done by the World Bank, and that there be a waiting period of 60 days.

However, AID can still go ahead and make the loan, notwithstanding an adverse appraisal by the World Bank. But at least we shall be fortified with basic information on the character of the loan, and whether it is worthwhile and will be put to a good purpose, or whether it is an unnecessary risk for our people.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. I think this is a good amendment. I am sorry I did not think of it myself. It is in the direction, as the Senator knows, of bringing the World Bank with its knowledge and judgment into this area. It is quite consistent with what I have been urging upon the Senate for a long time—that we take advantage of the most efficient and effective organization in this field.

In addition, particularly on important loans, there should be coordination between these two major organizations. They should not be competing, for example, for a loan; they should be coordinating their efforts.

I think it is a good amendment, and I favor it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DIRKSEN. I move to reconsider the vote by which the amendment was agreed to.

Mr. FULBRIGHT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 662

Mr. DIRKSEN. Mr. President, I call up my amendment No. 662, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 20, between lines 3 and 4, insert the following:

"(f) Section 620, which relates to prohibitions against assistance, is amended by adding at the end thereof the following:

"(p) No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan."

Mr. DIRKSEN. Mr. President, the simple purpose of this amendment is to prevent AID from converting loans into

grants, and thereby relieving the recipient country of its liability for repayment of interest or principal at a later period.

I must say that this has been done only to a limited extent. But we must remember that now we are coming to grips with a great many of these aid loans made by a predecessor agency, and it will be a different story in the future. I am quite confident that hereafter they may want to convert from loans into grants.

I believe that would contravene the very spirit of the Senate, and the point we have tried to make for years, that wherever possible, these funds would be put on a loan rather than on a grant basis, and the money retrieved for our Treasury if possible.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. There is, under existing law, no authority to do that. The present law on the development loans and the Alliance for Progress requires that the loans be repaid in dollars, at minimum interest rates fixed in the law. In other words, there is no authority to make such conversions in existing law. It is possible that it can be done with some loans made under other authority, such as under Public Law 480. Perhaps that is what the Senator has in mind.

In any case, it would have no effect on loans made under the Foreign Assistance Act because there is now no authority to do it.

Mr. DIRKSEN. It is anticipatory to a considerable extent.

Mr. FULBRIGHT. Well, in the sense that it is anticipatory, on principle, of course, I cannot disagree with it.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 663

Mr. DIRKSEN. Mr. President, I call up my amendment No. 663, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read, as follows:

On page 20, between lines 20 and 21, insert the following:

"(b) Section 634 (which relates to reports and information) is amended by adding the following new subsection:

"(f) The Secretary of the Treasury shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports showing as of June 30 and December 31 of each year the repayment status of each loan theretofore made under authority of this Act any part of the principal or interest of which remains unpaid on the date of the report."

On page 20, line 21, strike out "(b)" and substitute "(c)".

On page 21, line 1, strike out "(c)" and substitute "(d)".

Mr. DIRKSEN. Mr. President, in our exploration of this entire operation, we had some difficulty in obtaining accurate and very recent figures. We have gone to the Treasury, we have gone to the General Accounting Office, we have gone to AID. In some cases, they either did not have the figures or they did not wish to disclose them.

We do believe that, on the basis of a 6 months period, there should be an agency in government where a report would be made, so that the information would be available to us.

What this amendment would do is simply to say that the Secretary of the Treasury is required to report, on June 30th and December 31st of each year, on the repayment status of every loan made under the authority of this Act; and to show the delinquent interest and principal. We will then know exactly what the score is, what our commitments are, what we collect, and what the status of the loan is.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. The Senator from Delaware [Mr. WILLIAMS], about 2 or 3 years ago, raised such a fuss about these statistics that the Department of Commerce has undertaken and is now presently making such reports on an annual basis—more extensive, in fact, than the Senator's amendment would require.

There is no objection, of course, to having the Treasury make such reports, but I would submit to the Senator that if he has not seen these reports made by the Department of Commerce, which cover not only aid under the authority of the Foreign Assistance Act, but also other Government loans—such as through the Export-Import Bank, for example—that these are very extensive statistics. I really do not believe the additional reports called for by the amendment are necessary.

Of course, there is no objection to having the Treasury to provide this information, except that if we do that, I would think we should then tell the Department of Commerce to cease doing it. They are doing it now without a requirement of law, but in response to a request—I would say a very urgent request—initiated by the Senator from Delaware.

I do not know whether the Senator is thoroughly familiar with this publication or not. I think it is quite adequate.

Mr. DIRKSEN. I am. I might say frankly that the Treasury would like to have this amendment. We have discussed the amendment with the Treasury Department.

Mr. FULBRIGHT. I have no objection to the Treasury doing it.

Mr. DIRKSEN. They have a little difficulty getting the figures on their own, strange as it may seem.

Mr. FULBRIGHT. I have no idea why they should have.

Mr. DIRKSEN. Neither do I.

Mr. FULBRIGHT. These are very adequate figures. We have only been receiving them recently. That is the history of it. I have no objection to the Treasury taking this over if they wish to do it. I do not speak for commerce. I have not investigated that phase of it.

Mr. DIRKSEN. In our conversation with the Treasury officials, they said they would like to have it.

Mr. FULBRIGHT. In any event, we will take this amendment to conference. I cannot see any disadvantage to the proposal. It is a question of which is the more economical and effective way to present this material to Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

AMENDMENT NO. 665

Mr. DIRKSEN. Mr. President, I call up my amendment No. 665.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 19, between lines 8 and 9, insert the following new subsection:

"(d) Section 613, which relates to accounting, valuation, reporting, and administration of foreign currencies, is amended by adding at the end thereof the following new subsection:

"(e) In addition to any other terms and conditions which may be applicable with respect to any loans made from funds made available under authority of this Act, each such loan shall include a provision or provisions whereby the recipient of such loan shall (1) express the par value of its currency in terms of the United States dollar at a rate of exchange between those currencies which the Secretary of the Treasury finds to be reasonable and (2) agree to maintain, notwithstanding any changes in the foreign exchange value of its currency, such initial par value of its currency for purposes of all computations relating to those currencies in connection with such loan. No provision of the terms of any loan heretofore or hereafter made from funds made available under authority of this Act, which requires the maintenance of the value of the currency of the recipient of such loan in relation to the United States dollar during the period such loan is outstanding, may hereafter be altered."

On page 19, line 9, strike out "(d)" and insert "(e)".

On page 19, line 15, strike out "(e)" and insert "(f)".

Mr. DIRKSEN. Mr. President, it has been a practice by AID off and on to have a provision in these loan agreements by which the value of a country's money would be maintained so that we would not be losers as a result of a modification of the exchange rates. Sometimes it was included and sometimes it was left out.

I read here from the General Accounting Office report to the effect that AID amended six loans in fiscal years 1963 and 1964 that eliminated the maintenance-of-value provision.

These loan agreements totaled \$158.8 million and were originally entered into in 1956, 1958, and 1959 with three countries under the authority of section 104 (d) of Public Law 480 and very promptly we lost a good many millions of dollars.

I pointed out this afternoon that, on this whole transaction, by virtue of the fact that the maintenance-of-value provision was not maintained in this contract, we lost somewhere in the neighborhood of \$350 million. The General Accounting Office gives it as their opinion that they anticipate future losses unless this is done.

I think our people are entitled to a safeguard against this practice. Therefore, I urge the adoption of the amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. I think it has been since 1961 that Development Loans and Alliance for Progress loans must be repaid in dollars.

The Senator has reference to loans made prior to that time, or loans made under Public Law 480, because now all the loans are repayable in dollars. It would be inappropriate to include a maintenance of value provision in the loans because they do not deal with local currencies.

They make such loans under Public Law 480, but not under this act.

Therefore, I think the amendment is superfluous. But if we wish to make it cover the contingency, or the possibility I might say, that a supporting assistance loan might be made for local currency in the future, I certainly approve of having this provision in the loan agreements as we have done in the past.

Mr. DIRKSEN. Mr. President, AID evidently feels that way also. They forgot to include these maintenance value provisions, and the result is that we are renewing a loss of somewhere around \$350 million.

Mr. FULBRIGHT. Is the Senator sure that these are from AID loans or are they from Public Law 480? For example, the ones in India were revalued recently, and were not most of them made under Public Law 480?

Mr. DIRKSEN. Yes, they can be either one, as a matter of fact. The Accounting Office says that on June 30, 1964, AID records showed that the net aggregate AID loss on the loan program after AID was established in November 1961, has the dollar equivalent of \$351.2 million.

Mr. FULBRIGHT. Is the Senator sure that is not under Public Law 480?

Mr. DIRKSEN. They do not say that it is.

Mr. FULBRIGHT. My impression is, that it is.

Mr. DIRKSEN. I do not want to quarrel with the Senator.

Mr. FULBRIGHT. I do not want to quarrel either. I thought the proposal was superfluous, since the present loans under AID are all repayable in dollars and we do not have that problem.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COOPER. Mr. President, I have just listened to what the Senator from Arkansas said about Public Law 480 loans. We deal with these loans on the Committee on Agriculture and Forestry. We always have these Public Law 480 bills come up. We have one now.

I do know that the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER], has been very vigorous in the treatment of the rate of exchange. The committee has written into the bill that the actual rate, rather than a fictitious rate, should be applied, and provisions are made to assure that that rate of exchange would be maintained.

I should think it would be very helpful if we could postpone action on this amendment until the chairman of the Committee on Agriculture and Forestry comes to the Chamber. I think it must relate in some way to the Public Law 480 program.

Mr. DIRKSEN. It will be in conference.

Mr. COOPER. The Senator is correct, but we spend a lot of time on this.

Mr. FULBRIGHT. I meant the way the act as it is now. I did not mean that the amendment offered by the Senator from Illinois applied to the Public Law 480 loans, more than that was the way it would work out. It was that it would apply to loans made from funds accumulated under Public Law 480. I do not object to the principle at all.

Mr. DIRKSEN. Mr. President, the Comptroller General makes a distinction, of course, and sets up one group here.

He refers here to section 104(g) of Public Law 480. On those, the loss was \$91.7 million. In another part of the report, he sets up these other AID loans. He says that our aggregate loss is \$351.2 million.

I did not make the distinction. The Comptroller General did.

Mr. FULBRIGHT. He must have been referring to losses arising from old loans and not from the current ones. Since 1961, all of the Alliance for Progress and the Development Loan loans have been repayable in dollars.

Now, some of the old ones were not repayable in dollars. It could refer to that.

Mr. DIRKSEN. He said as of June 30, 1944.

Mr. FULBRIGHT. They could be the old ones.

Mr. DIRKSEN. They could be.

Mr. FULBRIGHT. I have no objection.

Mr. COOPER. Mr. President, may I ask the Senator a question?

If this amendment were taken to conference, it would not in any way affect Public Law 480?

Mr. FULBRIGHT. No, it would not.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

AMENDMENT NO. 673

Mr. DIRKSEN. Mr. President, I have one more amendment, No. 673.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 21, after line 7, insert the following new subsection:

"(d) At the end of such chapter add a new section as follows:

"SEC. 640A. AUDIT BY GENERAL ACCOUNTING OFFICE.—(a) The General Accounting Office is authorized and directed to conduct an audit of any program of assistance to any country being conducted under part I of this Act for any fiscal year, beginning with the fiscal year 1966, for which the United States has expended or obligated in excess of \$500,000 for such program.

"(b) For the purpose of aiding in carrying out its duties under this section, the General Accounting Office shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other

material of the agency of the United States Government administering part I of this Act. Such agency shall cooperate with the General Accounting Office and furnish assistance upon request to the General Accounting Office in aid of its responsibilities under this section."

Mr. DIRKSEN. Mr. President, I do not wish to imply by the proposed amendment that General Accounting does not audit AID, nor would I ever imply that AID does not ask General Accounting to come in. But too many instances have occurred in which this has not been done, and today I put into the RECORD the titles of I do not know how many GAO reports, many of them highly critical.

It occurs to me that if this is to be a regularized program and is to be effective, these loans over \$500,000 ought to be audited by General Accounting, even though considerable staff would be required. But we can afford to hire a considerable staff, in view of the amount of losses in this field. I believe this would be an assurance to the American people.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I concur in what the Senator from Illinois has said about the need of auditing. But I believe even more important is the right of Congress and the American people to be able to read these audit reports when we receive them. Now, when we find that they are embarrassing to the administration, they are marked secret, and therefore, we are not allowed to release them to the public.

I know that some of the reports that have been brought to our committee stamped "Secret" or "Confidential" would embarrass no one except the officials of AID and of the agency administering the program.

Mr. DIRKSEN. We had the same difficulty. A report was sent out, and in big letters it was marked "classified." Well, we respected classification as circumspcctly as anybody could; and in the material we put out, we did not intrude upon classified material or military material. But when they hand it to us and we know some paydirt is in it and it says "classified"——

Mr. WILLIAMS of Delaware. The point I make is that some of these reports should not be classified.

Mr. DIRKSEN. I agree.

Mr. WILLIAMS of Delaware. Many of these reports do not even deal with the military. They merely deal with the abuse and waste and extravagance in the handling of our AID program in some of these countries. Nothing in the reports would in any way jeopardize the security of the United States if it were revealed. It may jeopardize the security of a couple of officials responsible for handling the program. Other than that, I know of no reason why they have been classifying these reports in that manner, except that they are ashamed of what is in them.

Mr. DIRKSEN. When the independent offices appropriation bill comes to the Senate, it will contain provisions for money for the General Accounting Office. If perchance they are the culprits

in the case—I do not say they are—I believe that probably a limiting proviso could be put in, to make sure that they do not classify things that ought to come to the attention of every Member of Congress.

Mr. WILLIAMS of Delaware. I am glad the Senator raised that point. It is not the responsibility of the General Accounting Office.

Mr. DIRKSEN. I would not say it is.

Mr. WILLIAMS of Delaware. They do not classify any of these reports. They prepare the reports and submit them to the respective agency, and then the agency stamps them "Confidential" or "Secret," and the General Accounting Office has neither the responsibility nor the authority to declassify them.

Mr. DIRKSEN. I do not care what agency it is.

Mr. WILLIAMS of Delaware. I am speaking of the fact that the agency which would be embarrassed if the reports were released then.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. The Senator from Illinois has pretty well covered the subject. Two questions occur to me. First, the GAO has authority to do this now. Whether or not it has the manpower to do this on every program of \$500,000 without a very substantial increase, I do not know. At present, I do not know how many programs would be involved or what a burden it would be on them to do it. They do it now, as I understand, on a kind of selective basis.

The Inspector General of Foreign Assistance also has responsibility in this field. These activities ought to be coordinated. They ought not to overlap or duplicate each other. I am in favor of GAO performing this duty.

Mr. WILLIAMS of Delaware. Just how much would be involved in requiring them to do this with every program of \$500,000 or more, I do not know.

Mr. DIRKSEN. I suggest that we accept the amendment, and out of it may come a recommendation.

Mr. WILLIAMS of Delaware. I was about to say that we accept it, and then the GAO would respond and tell us how much of a burden it would be on them. They could tell us the number of additional men that would be required, and so forth, and we could consider it in the conference. On principle, I certainly do not object to it. They have the authority now to do it, so I have no basis to object to it, other than if it would appear to be superfluous and cost too much for the GAO to make it do every one of them, and they object to it. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. DIRKSEN. Those are all the amendments for tonight, Mr. President.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. WILLIAMS of Delaware. I understand that earlier the Senator from Illinois had an amendment accepted which would instruct the Department of

the Treasury to submit to Congress annually a list of all our foreign debts.

Mr. FULBRIGHT. Semiannually.

Mr. WILLIAMS of Delaware. Semiannually. That would not affect the reports we are now receiving put out by the Department of Commerce?

Mr. DIRKSEN. No, it would not.

Mr. WILLIAMS of Delaware. I should like it to be clearly understood that we are still getting this report.

Mr. DIRKSEN. This is entirely independent of that.

Mr. WILLIAMS of Delaware. We had experienced a lot of trouble in receiving this information, and it was as a result of an amendment offered a few years ago, which was accepted by the chairman.

Mr. FULBRIGHT. The Senator is correct.

Mr. WILLIAMS of Delaware. We have such a report, and it is available to anyone who wishes it. It is a list of every loan that is outstanding with every country, the present status, rates of interest, and so forth. I wish to be sure that we keep this report.

Mr. FULBRIGHT. The Senator from Delaware was not here earlier.

In commenting on this matter, I said that I have no feeling whether the Department of Commerce or the Department of the Treasury should do it. Preparing this information costs a good deal of money. I submit that it is hardly necessary for both Departments to do it. This is a matter I should like settled between the Senator from Delaware and the Senator from Illinois. I would just as soon have it from Treasury as from Commerce. Commerce is doing it, and I believe the Senator agrees that it is satisfactory, that a thorough job is being done. The only comment I have is that I hesitate to say that we should make them both do it.

Mr. WILLIAMS of Delaware. I agree that Commerce is doing it satisfactorily. I have no objection whether it is done by Treasury or Commerce. I believe one is enough to do it. But I wish to be certain that this report will continue.

Mr. FULBRIGHT. This goes further than the amendment of the Senator, because it includes agencies other than AID.

Mr. DIRKSEN. The proposed amendment provides that payments on interest and repayments on principal would not be made to the agency that made the loan. They would be made to the Treasury. That is where the record would be, and that is where one could find out what the real score is.

Mr. WILLIAMS of Delaware. I will not argue as to where the records are. They are being compiled and put in this report. I request that the Senator from Illinois [Mr. DIRKSEN] examine these reports.

Mr. DIRKSEN. My office is full of them.

Mr. WILLIAMS of Delaware. I have no objection whether the report comes from the Treasury Department or the Commerce Department, or whether AID puts it out, so long as we get a complete report, and get the report started.

Mr. FULBRIGHT. I called the Senate's attention to the Senator's interest in it and that he started it. It has been adopted. Pending the conference there

should be consultation between the Commerce Department and the Treasury Department. I do not care which one prepares the report, but both of them should not have to do it.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I understand an order has been entered into to adjourn until 11 o'clock tomorrow.

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, for the information of the Senate, there will be no morning hour tomorrow, and after the prayer and reading of the Journal, the Senate will resume the pending business.

STUDY OF GROUND TRANSPORTATION TO DULLES AIRPORT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1321, S. 3523.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3523) to authorize the Administrator of the Federal Aviation Agency to undertake a comprehensive study of high-speed ground transportation to Dulles International Airport.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment on page 1, line 8, after the word "International", to strike out "Airport", and insert "Airport, the Friendship International Airport," so as to make the bill read:

S. 3523

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of the Federal Aviation Agency is hereby authorized and directed to undertake a comprehensive study of the desirability, practicability, and feasibility of construction of high-speed ground transportation systems to meet the needs of the public with respect to the Dulles International Airport, the Friendship International Airport, and the Washington National Airport.

(b) In the conduct of such study, the Administrator shall consult and cooperate with the National Capital Transportation Agency, and such other Federal, State, local, and District of Columbia agencies as he deems desirable.

(c) The Administrator shall submit to the President and the Congress a report on the study authorized by subsection (a) of this section, together with his recommendations and conclusions, not later than July 31, 1967.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1376), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The bill would authorize the Administrator of the Federal Aviation Agency to undertake a comprehensive study of high-speed ground transportation to Dulles Interna-

Mr. KENNEDY of Massachusetts. One of the more important sections of the excellent speech of the Senator from South Dakota on May 3 was the concern he expressed regarding our attitude toward China's membership in the United Nations.

I am interested in whether the Senator is convinced now that this issue will be before us in a few months and the United States will be confronted once again with a major policy decision in the United Nations, that the Senate and the executive branch are giving this question the kind of thought that is necessary to develop a constructive policy.

Mr. McGOVERN. I definitely share the concern of the Senator about the position this country has taken in the United Nations. As the Senator points out in his remarks today, the vote on the China issue has been getting closer and closer all the time, until a virtual tie occurred on the last test of strength in the United Nations.

For the last few days, we have been debating the question of how much of our resources we can afford to allocate to foreign aid. It has been my understanding that at times in the past the United States has frequently used its foreign assistance program as a device to persuade countries to vote with it on the issue of China in the United Nations. I believe a more constructive and more positive course for the United States would be to regard this as a matter to be decided by the international community, and to come in with a positive and constructive position that might be regarded by some of the other countries of the world as a little more rational.

I believe that is the merit of the suggestion of the Senator here today. The Senator is not proposing any final answer to this problem, but simply that the United States give consideration to new approaches and new policy suggestions that it might make in the United Nations to increase the effectiveness of our leadership.

The Senator's proposal for a two-China solution to the U.N. admission problem seems to me to have considerable merit.

His proposal for changing the composition of the Security Council is one that should be carefully considered.

The Senator made reference to the growing importance of India in Asia. This is a tremendously significant country. I have often thought that the crucial issue of Asia is whether that great continent will go the China way or the India way.

Those are all considerations which should be weighed, looking toward a positive strengthening of our position in the United Nations.

Mr. KENNEDY of Massachusetts. I appreciate the comments of the Senator from South Dakota [Mr. McGOVERN]. He is one who has given a great deal of thought to this subject. I know that he has researched these issues and talked with many knowledgeable people about it. I appreciate the comments of the Senator today.

Mr. McGOVERN. I thank the Senator for yielding to me.

Mr. PELL. Mr. President, I congratulate the junior Senator from Massachusetts [Mr. KENNEDY] on drawing our attention to a problem that, as a rule, we have always sought to avoid.

There are two ways whereby we may seek to eliminate the Iron and Bamboo Curtains. One is by blasting and war; the other is by gradualism and erosion. Obviously, the latter course is preferable.

It is, incidentally, in this context that I take some pride in having been instrumental in securing the validation for travel in mainland China of the passport of William Miller of my own State for the purpose of visiting there and simply seeing what he could see. I have sought here to do just what Senator KENNEDY has sought to do with his speech—to put the onus of refusal and stand patism up on the back of the Chinese—and not on us.

Many of us recognize that mainland China, a nation containing one-quarter of the world's population, may well eventually be a member of the United Nations. The question we have to weigh is whether we, the United States, should change our own policy opposing her admission, and, if we did change the policy, what we would lose in connection with the support and respect of such of our Asian friends as Nationalist China, the Philippines, Japan, and Malaysia. At this time, I still think an abrupt change in our own policy would lose us more than we would gain, not by the result that mainland China would become a United Nations member, but by the spinoff results affecting our own bilateral relationships with other countries in the area.

Most important, I believe we should never acquiesce in the admission of mainland China, unless some proper provision is made to cover the continued membership in the United Nations of Nationalist China.

The junior Senator from Massachusetts [Mr. KENNEDY] has done an excellent job on drawing the attention of this body and of our people to this problem and its various dimensions. It is a problem that cannot be swept under the carpet. It is a problem that must be scrutinized and wrestled with by our administration and by our people.

I must add that, drawing from my own participation in the San Francisco Conference and familiarity with the legislative history of the Charter of the United Nations, I doubt whether there would be any general acceptance within the United Nations of changing the present formula composition or voting pattern with regard to the permanent members of the Security Council. However, I believe that this, too, is a problem that should be raised and examined.

In conclusion, then, I congratulate the junior Senator from Massachusetts on a provocative, interesting, and courageous speech.

FOREIGN ECONOMIC ASSISTANCE, 1966

Mr. GRUENING. Mr. President, I have a number of amendments to the Foreign Assistance Act of 1961. I ask

unanimous consent that I may submit them now, together with a brief statement supporting each of them. This will save time when we proceed to the regular business.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 683

Mr. GRUENING. Mr. President, a report of the General Accounting Office on its audit of the economic assistance program to Thailand shows the need for further tightening up of the provisions of the Foreign Assistance Act of 1961, as amended, to insure that development loans made by the Agency for International Development are supplemental to other available free world financing.

The General Accounting Office report discloses that AID entered into an \$11 million loan agreement with Thailand for the construction of three irrigation projects although the International Bank for Reconstruction and Development had expressed an interest in financing these projects. The report notes that such a loan, when other assistance was available to Thailand on reasonable terms, was not in consonance with a basic intent of legislation pertaining to development loans but that the loan was made at the request of the Thai Government, which appeared to desire it principally because of more favorable repayment terms than were obtainable from other sources.

Section 201(b) of the Foreign Assistance Act of 1961 provides that in evaluating the need for development loans, consideration be given to the availability of financing, in whole or in part, from other free world sources on reasonable terms. This provision is in line with a basic purpose of development loans, which is to make funds available on favorable terms to economically underdeveloped countries that would otherwise have difficulty qualifying for loans from traditional international financing sources.

At the time the AID loan was made Thailand held foreign exchange reserves of about \$506 million, much of which was invested in U.S. financial institutions and had made substantial use of assistance from other free world nations and international organizations. At that time Thailand had an excellent credit rating, a strong and stable currency, a low rate of debt service to current foreign exchange earnings and an excellent capacity to service its external debt.

AID, in justifying its actions, stated that the legislation does not restrict AID lending to those countries where a prospective borrower cannot obtain funds from any other free world source but rather involves a responsibility to consider what other recourse the borrower may have and that AID did consider the availability of World Bank financing.

I ask that the amendment which I am submitting be printed and lie on the table as I propose to call it up at a later date. It would do more than require AID to consider World Bank and other free world financing before it offered more favorable loan terms to countries which are shopping around for the best bargains.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRUENING. Mr. President, I ask unanimous consent that I may proceed until I have presented the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, the amendment would require that no loans for economic development could be made unless the Administrator of the Agency for International Development had made a finding that other means of financing have been explored and it was found that such financing was not available to the country on reasonable terms. I ask unanimous consent that the full text of this amendment to S. 3584 be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 2, between lines 14 and 15 insert the following:

"(1) In the second sentence strike out clause (1) and substitute the following: '(1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, including private sources within the United States: *Provided*, That, where such financing could have been obtained but was not, the President shall in writing notify the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs within sixty days of the reasons why such alternate financing was not utilized.'"

On page 2, line 15, strike out "(1)" and substitute "(2)".

On page 3, line 8, strike out "(2)" and substitute "(3)".

AMENDMENT NO. 684

Mr. GRUENING. Mr. President, section 201(e) of the Foreign Assistance Act of 1961, as amended, has prohibited the commitment of development loan funds by the United States in any country unless an application is made with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner.

This requirement is one which any prudent lender would insist on to protect his investment and in practice has proven to be a sound requirement which makes those countries desirous of borrowing funds from the United States face up to their financial responsibilities at the time they submit a loan application. However, a major loophole exists in that section 201(e) applies only to loans made in dollars and does not apply to loans made in foreign currencies owned by the United States.

The United States has acquired very large holdings of foreign currencies in recent years through the sale of agricultural commodities overseas pursuant to the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480. These currencies are given or loaned to the same countries in which the agricultural sales were made to be used for military assistance and economic development. In 1965 over

700 million in U.S.-owned foreign currencies were loaned to foreign countries for their economic development programs.

I believe it important that these foreign currency loans be made subject to the same requirements as dollar loans, insofar as the United States obtaining assurance that they will be used in an economically and technically sound manner. There is an all too prevalent attitude among the officials of the executive agencies that foreign currencies do not represent assets of real value to the United States, and I have noted instances in which these currencies are used in a manner which would never be contemplated for U.S. dollars.

The purpose of my amendment is to stop this practice and to require a change in attitude. U.S.-owned foreign currencies can be every bit as valuable as dollars if properly managed and effectively utilized. Indeed they can go a long way in substituting for dollars and in favorably affecting our balance of payments.

I therefore submit an amendment to section 201(e) to correct this situation. I ask that it be printed and lie on the table until I call it up at a later date.

I request unanimous consent that the full text of the amendment be printed in the RECORD at this time.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, after line 24 insert the following:

"(c) Section 201(e), which relates to the making of loans from the Development Loan Fund, is amended to read as follows:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds, including foreign currencies or credits owned by the United States, aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

On page 4, line 1, strike out "(c)" and substitute "(d)".

On page 4, line 11, strike out "(d)" and substitute "(e)".

AMENDMENT NO. 685

Mr. GRUENING. Mr. President, paragraphs (A), (B), and (C), of subsection (e) (1) of section 620(3) of the Foreign Assistance Act of 1961, as amended, direct the President to suspend assistance to the governments of those countries which have acted directly, or through subsidiaries, to nationalize, expropriate, or seize ownership of U.S. citizens' property, or have acted in other discriminatory ways, which would have a similar effect of taking control of such property.

The application of my amendment would cause the voting power of the United States in international lending organizations to be directed against re-

quests by those countries to which the President has suspended U.S. assistance pursuant to the above-directed conditions.

I am, therefore, submitting such an amendment to be printed and to lie on the table until I call it up at a later date.

I ask unanimous consent that the full text of the amendment be printed in the RECORD at this time.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 4, line 23, before the quotation marks insert the following: "With respect to any dollars herein provided, the voting power of the United States shall be exercised for the purpose of disapproving any loan for any project, enterprise, or activity in any country during any period for which the President has suspended assistance to the government of such country because of any action taken on or after January 1, 1962, by the government of such country or any government agency or subdivision within such country as specified in paragraph (A), (B), or (C) of subsection (e) (1) of section 620 of the Foreign Assistance Act of 1961, as amended, and the failure of such country within a reasonable time to take appropriate steps to discharge its obligations or provide relief in accordance with the provisions of such subsection."

AMENDMENT NO. 686

Mr. GRUENING. Mr. President, the commodity import program provides, under the supporting assistance provision of the Foreign Assistance Act, imports of capital goods, raw materials and consumer goods to developing countries. The objectives of the program are to save foreign currency reserves by cutting down on the necessity for foreign expenditures, to provide additional foreign government revenues to balance the budget and to help combat inflation in the recipient countries. One of the more significant program guidelines outlined by the administering Agency for International Development is that the program be so constituted as to "stimulate domestic production where possible by reducing imports purchased with aid funds as rapidly as domestic production could be developed." High priority raw materials were to be made available to stimulate domestic industrial growth in order to achieve the long-range goal of a viable self-supporting economic base in each country involved.

The program operates by letting foreign commercial importers determine what goods are to be brought into their country with AID financing. This is hardly conducive to producing a demand for goods necessary for sound economic development.

Several weeks ago, in this Chamber, my colleague, the junior Senator from Michigan, made some salient remarks about the administration of the commodity import program in Vietnam. He cited "serious mismanagement and ineffective controls" as causes of the failure of the program in that country, where black-market profiteering and inequitable license allocations have been the rule, rather than exceptional occurrence.

Senator GRIFFIN found that instead of open licensing, there is a list of approved importers maintained by the Saigon Government; these firms attain this position by "under-the-table payments to the appropriate local officials." Once goods are obtained, the importer has free rein over their distribution. In addition, it was said that the importers received kickbacks from sales, and frequently, by using false documents, purchased goods with our credit that were not produced in the United States.

Unfortunately, this story is not a new one. General Accounting Office reports, for as far back as 1962, about commodity import programs in several Asian nations report comparable failures, where major portions of the aid funds are not used in a way conducive to long- or short-term economic growth. These reports found the program of the Agency for International Development tended toward financing consumable, and even luxury goods, rather than investment capital or raw materials for domestic industry. The GAO reports that synthetic yarns were used for luxury fabrics instead of for tires and fishnets; that fine, highly priced fabrics were produced instead of less costly wool and synthetic cloths of equal durability.

In Turkey and Korea, as well as Vietnam, the early years of this program were rife with evidence of collusive auction bidding for licenses, and commodity imports. In the absence of a valid priorities system, some areas, such as cotton textile and flour, were highly overexpended to the point that there were surplus supplies in warehouses, while fishing net and fertilizer production were inadequate, though the raw materials were available for use. There are many cases where the method of allocation caused higher prices than necessary to be paid for goods; for example, had fertilizer been bought in the off season, as estimated, \$240,000 could have been saved in 1 year, in one country.

Purchase of goods that countries could have produced themselves or for which there were resources available for the development of industry, have occurred regularly, in contrast to the guidelines which would encourage domestic industrial growth.

It appears that we would be wise to require greater control on the part of the Administrator of AID for the determination of commodities which will be financed by the Agency for International Development, and for the determination of the part these items will play in the country's economic development plan to assure their proper utilization. In view of the fact that the commodity import program takes the largest amount of the supporting assistance allocation, and has shown itself to be in need of revision, I propose the following amendment to S. 3584.

I ask unanimous consent that the amendment be printed in full and lie on the table until I call it up at a later date.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without

objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 14, line 18, before the quotation marks insert the following: "No commodity shall be furnished pursuant to this chapter unless the Administrator of the Agency for International Development shall have found with respect to each such commodity that there is substantial need therefor in order to make a planned contribution to the economic development of the country to which the commodity is to be furnished."

AMENDMENT NO. 687

Mr. GRUENING. Mr. President, section 605(c) of the Foreign Assistance Act of 1961, as amended, provides that funds realized by the Agency for International Development from filing claims against foreign countries and foreign importers can be reused by AID for the same general purpose. AID has established numerous requirements concerning its financing of economic assistance and has developed procedures for monitoring transactions to insure that these requirements are adhered to. For example, AID regulations prescribe that commodities which are bought by a foreign importer and which AID finances under the economic assistance program are to be purchased at prevailing market prices. If AID auditors find that a foreign importer has purchased commodities at inflated prices, with AID paying the U.S. supplier a premium price, AID will process a claim against the foreign importer.

In practice it is very difficult to obtain a refund from a foreign private importer because of the difficulty of pursuing the claim in a foreign court. As a practical recourse, AID seeks recovery of any amounts which have been improperly included in its financing from the foreign country involved, which, by agreement, has undertaken to reimburse the United States for such amounts. It has also been AID's practice to reprogram any funds realized from claims by making such funds available to the country for economic development program.

Thus we have seen situations in which a foreign importer conspires with a supplier to fix the price of an AID-financed transaction. AID subsequently discovers that it has overpaid and attempts to obtain an appropriate refund from the importer. This proves to be impossible so AID asks the country government for a refund. The foreign government makes out a check for the amount of the overcharge and AID promptly turns the money back to the country. All of this is permitted under section 605(c).

But what purpose does all of this serve? The foreign importer and the supplier who have conspired to fix the price of the commodity retain their exorbitant profit; and the foreign country has paid for the overcharge out of one pocket and received it back in another pocket. The United States has been the loser and is powerless to do anything about it. Meanwhile AID keeps a large staff of auditors and investigators busy finding instances of overcharges and other improprieties in AID-financed transactions, and another large staff engaged in processing claims.

The only purpose achieved by all of

this, as far as I can discern, is that AID is enabled to state that it does not finance any transaction which it finds to be improper. True enough, but the United States does not save a nickel in the process.

My amendment attempts to introduce some rationale into this Alice-in-Wonderland procedure by requiring all funds collected by AID from claims resulting from the inclusion of improper amounts in transactions which it has financed to be deposited to miscellaneous receipts of the Treasury. If AID desires to reuse these funds, it will be required to seek authority to do so in its annual request for authorization and appropriations.

I ask unanimous consent that the amendment be printed and lie on the table until I call it up at a later date, and I ask unanimous consent that the full text of the amendment be printed in the RECORD at this time.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 18, between lines 5 and 6, insert the following:

"(b) Section 605(c) is hereby amended to read as follows:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act shall be covered into the Treasury as miscellaneous receipts."

On page 18, line 6, strike out "(b)" and substitute "(c)".

On page 18, line 10, strike out "(c)" and substitute "(d)".

On page 19, line 9, strike out "(d)" and substitute "(e)".

On page 19, line 15, strike out "(e)" and substitute "(f)".

Mr. MANSFIELD. Mr. President, if the Senator will yield, may I inquire of the Senator from Alaska how many amendments he intends to read in the morning hour?

AMENDMENT NO. 688

Mr. GRUENING. I have only one more amendment. I refer now only to the economic aid program. I have some others with respect to the military program, which I shall present at a later date.

Mr. President, I send to the desk an amendment to the foreign economic aid bill (S. 3584) and ask unanimous consent that the amendment be printed at the conclusion of my remarks.

The United Arab Republic has been consistent in its misuse of foreign assistance furnished by the United States.

The United Arab Republic has used our economic assistance to fill its coffers with foreign exchange that enables it to carry on its aggressive policies in the Middle East.

Our continued support of Nasser despite his belligerent policies in the Middle East has cast the State Department in the role of supporting a double standard in the Middle East.

On one hand we are clamoring for peace and we say that our policy is aimed at supporting peace in the Middle East. On the other hand we continue to feed the warmaking machine of President Nasser.

United Arab Republic policy is at variance with our stated foreign policy goals in virtually every department. Violations of her economic assistance agreements with the United States have enabled Egypt to support the economies of countries behind the Iron-Bamboo Curtains; support the Cuban economy by shipping more than 62,000 metric tons of rice to Cuba in 1964 alone; adversely affect the U.S. balance of payments at the rate of more than \$15 million a year; expand Nasser's brand of economic and political socialism; deprive the people in Egypt of food intended for them; carry on an aggressive war in Yemen at a cost of over \$2 billion.

My amendment will enable the State Department to establish and carry out a meaningful policy aimed at establishing peace in the Middle East. It will put an end to the bungling, vacillating, totally inadequate policy of the State Department in the Middle East.

I ask unanimous consent that my amendment be printed and lie on the desk until I call it up.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 20, between lines 3 and 4, insert the following:

"(f) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following new subsection:

"(p) No assistance shall be provided under this or any other Act to the United Arab Republic. This restriction may not be waived pursuant to any authority contained in this or any other Act."

THE ADMINISTRATION'S CIVIL RIGHTS BILL

Mr. EASTLAND. Mr. President, I ask unanimous consent that, regardless of the 3-minute limitation, I be permitted to proceed until I complete my speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EASTLAND. Mr. President, in France there is a saying that the only sure and permanent cure for a headache is the guillotine.

But there is no known record of any sufferer from headaches who voluntarily sought this cure. The reason is simple. The cure is worse than the affliction.

For the next few minutes, Mr. President, I should like to discuss another instance in which the proposed cure is worse than the affliction.

The affliction of which I speak, Mr. President, would be inflicted upon this Nation by enactment of the provisions of title IV of the so-called administration civil rights bill, H.R. 14765.

The proposed cure which is worse than the affliction is the amended version of this bill which was reported to the other body from its Committee on the Judiciary on June 30 of this year.

During the period of recess by which the Congress observed the Fourth of July holiday, I have had the opportunity to examine this amended version of the bill, the compromise which it is called in the House of Representatives; and truly, this cure is worse than the ailment. I want to point out to my colleagues some of the reasons why this is so.

But first, to avoid misunderstanding, let me say that I have already expressed myself with regard to title IV of this bill, in the original version, and I shall not take time today to repeat any of the things I have said before. Today I shall discuss only the new language proposed by the committee of the other body, and the effect of the changes which are embodied in this new language or would be brought about by it.

But I want it clearly understood that all of my original objections to the bill apply just as strongly to the amended version. None of these objections, which I have already voiced, has been met by the revised version. None of the serious evils of the original bill, which led me to speak out against it, has been ameliorated in any substantial way by the revisions recommended by the committee in the other body.

On the contrary, the proposed revisions make the bill worse, far worse, in various respects, which I shall explain in detail. The revised bill is not one whit more acceptable, not one iota less dangerous, not one degree less virulent an attack upon the right of private property, than was the original version.

Now, Mr. President, I want to be fair about this, so let me point out right here that there are five places where the revised bill appears to constitute an improvement over the original version.

The first of these is in subsection 402(b), where the new language involves a slight narrowing of the definition of "dwelling."

In the original bill, the definition of "dwelling" included specifically "any vacant land that is offered for sale or lease for the construction or location" of any building, structure, or portion thereof which is in, or is designed, intended, or arranged for, residential use by one or more individuals or families.

The revised version eliminates this specific inclusion of vacant land within the definition.

The resulting improvement in the bill is, relatively, very slight indeed. This is so because, in the first place, the inclusion of vacant land within the definition of "dwelling" was very weak, from an enforcement standpoint. This inclusion of vacant land also raised serious problems of proof, since more frequently than not land is sold subject to the purposes of the buyer, whether disclosed or undisclosed, and without any necessity for recitals or commitments with regard to such purposes.

Most importantly, any property that would have been brought within the definition of "dwelling" by the specific inclusion of the provision with respect to vacant land will be brought under the revised definition anyhow, in due course, by or before the time when any substan-

tial question of alleged discrimination in housing could be expected to arise.

Let me explain that.

If vacant land is in fact offered for sale or lease for the construction or location of a dwelling, as defined in the act, then the instant construction starts the property will be covered by the definition of "dwelling" as it stands in the revised version of the bill. Even assuming the original clause with respect to vacant land could be enforced, which is certainly questionable, it seems clear that coverage of vacant land before any construction starts could not constitute more than a very unimportant part of the whole area of discrimination in housing, which is supposed to be the subject matter of this bill.

Another place where the revised bill appears to represent an improvement over the original version is in subsection 406(c), where the original bill specifically authorized to award to a plaintiff, in a housing discrimination case, of "damages for humiliation and mental pain and suffering, and up to \$500 punitive damages."

The revised version of the bill strikes out this language, and provides instead for the award of "actual" damages to the plaintiff. But the new language goes on to provide that "in the alternative, if the defendant has received or agreed to receive compensation for services during the course of which the discriminatory housing practice occurred, the court may award as liquidated damages an amount not exceeding the amount of such compensation."

Taking the normal real estate commission as 5 percent, this means that, in any transaction involving more than \$10,000, the "liquidated damages" which may be awarded against a real estate agent or broker under the proposed new language would be greater than the \$500 limitation on "punitive damages" fixed by the original bill. As we all know, most individual housing transactions today are substantially in excess of \$10,000.

Let me point out a small gimmick which makes this proposed change with respect to damages even less important than appears at first glance.

To a layman, it may seem that substitution of "actual damages" for "damages including damages for humiliation and mental pain and suffering" is a limitation, a reduction in the authority of the court. Those of my colleagues who are lawyers will recognize that this is not so. The term "actual damages" does not mean actual cash damages, or out of pocket costs, as a nonlawyer might think. In legal contemplation the term actual damages means simply damages awarded for a loss or injury actually sustained, as distinguished from damages implied by law, or awarded by way of punishment. Both mental and physical pain, suffering, and humiliation are all recognized elements of damage for which compensation may be awarded; and if a court found that a plaintiff had suffered, for instance, mental damage valued at \$10,000, or humiliation valued at \$5,000, awards of \$10,000 and \$5,000, respectively, would be possible under the "actual damages" clause of the revised bill. The proposed new language does

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HIGHLIGHTS: House rejected conference report on small reclamation projects bill; requested second conference. Senate debated foreign aid authorization bill.

HOUSE

1. **RECLAMATION.** Rejected, 136-204, the conference report on S. 602, to broaden the scope of the Small Reclamation Projects Act of 1956. The primary issue was the provision extending the small reclamation projects program to the entire U. S. This provision had been in the House version of the bill. A second conference on the bill was requested, and House conferees were appointed. pp. 15878-86, 15896

Conferees were appointed on S. 254, to authorize the Interior Department to construct, operate, and maintain the Tualatin Federal reclamation project, Ore. Senate conferees have been appointed. pp. 15877-8

2. POVERTY. Rep. Rhodes, Ariz., inserted the House Republican Policy Committee statement opposing H. R. 15111, proposed Economic Opportunity Act Amendments of 1966. pp. 15907-8
3. FARM PRICES. Rep. Nelsen commended and inserted an article stating that "the farmer is not the one to blame" for increases in living costs. p. 15911
4. ECONOMY. Rep. Ullman urged action to reverse "the tight money situation and the disastrous effect it is having in the lumber and homebuilding industries." pp. 15922-3

SENATE

5. ORGANIZATION; PERSONNEL. The Judiciary Committee reported with amendments H. R. 10104, to enact into positive law title 5, U. S. Code, "Government Organization and Employees" (S. Rept. 1380). p. 15841
6. PESTICIDES. Sen. Ribicoff discussed and submitted a report from the Government Operations Committee, "Interagency Environmental Hazards Coordination--Pesticides and Public Policy" (S. Rept. 1379). pp. 15771-4
Sens. Gruening and Hartke were added as cosponsors of S. 3608, to prohibit the sale or shipment of DDT for use in the U. S. p. 15843
7. FOREIGN AID. Continued debate on S. 3584, the foreign aid authorization bill (pp. 15775, 15784-91, 15795, 15801-4). Rejected, 29-61, an amendment by Sen. Gruening to require that U. S. foreign currency loans be made subject to the same requirements as dollar loans "insofar as the United States obtaining assurance that they will be used in an economically and technically sound manner" (pp. 15801-2).
8. ADMINISTRATIVE LAW. The Judiciary Committee voted to report (but did not actually report) S. 3254, to amend the U. S. Code with respect to the scope of the Federal Rules of Civil Procedure and to repeal inconsistent legislation. p. D654
9. EDUCATION. The Judiciary Committee voted to report (but did not actually report) S. 2097, to provide for judicial review of the constitutionality of grants or loans under certain education and health acts. p. D654
10. PATENTS; COPYRIGHTS. The Judiciary Committee voted to report (but did not actually report) S. 1237, to encourage the creation of original ornamental designs of useful articles by protecting the authors of such designs for a limited time against unauthorized copying. p. D654
11. WATER. Sen. Kuchel inserted an article, "Claim of Water Waste in Southland Assailed--Metropolitan Manager Points to Metering of Systems, Building of Underground Supplies." pp. 15775-6
12. ECONOMY. Sen. Proxmire claimed "our economy is gradually slowing down, contrary to the view of some persons who are still advocating that we need a tax increase designed to be an anti-inflationary measure." pp. 15781-3

including personnel, technicians, equipment, training, and in all the other essentials of a well-trained and Ready Reserve force.

I have always felt that the National Guard and Reserve forces have been a very necessary and vital part of our military preparedness program. Recent developments have very forcefully pointed out the necessity of making our National Guard and Reserve forces as strong as possible.

Also I feel that we get more for the military dollar that is spent on Reserve and National Guard forces than perhaps in any other part of our military program. For instance, a national guardsman can be trained and maintained at an almost completely combat-ready status for one-sixth of the amount required for a Regular Army soldier. It cost about one-half as much to train and maintain a combat-ready Air National Guard squadron as it does a Regular Air Force squadron.

I recognize that the Regular services must have preference and first priority. However, the importance of our Reserve forces is emphasized by the fact that as small a combat operation as we face in Vietnam has created a situation in our Regular forces so serious that on three separate occasions the Joint Chiefs of Staff recommended a callup of Army Reserve and National Guard units.

The air transport squadrons of the Air National Guard are currently flying more than 200 missions monthly on a voluntary basis in support of our operations in southeast Asia. They are also flying very essential aeromedical missions in the continental United States and offshore in support of the Regular Air Force. The air reserve transport squadrons are currently flying many missions monthly in the United States, thus relieving Regular Air Force planes to fly more missions to southeast Asia.

A recent investigation of the Preparedness Investigating Subcommittee revealed that the operations in Vietnam have depleted our tactical fighter forces so badly that we could not meet another sizable emergency without a callup of the Air National Guard.

An investigation recently completed by the subcommittee disclosed that the Army National Guard and Reserve forces are badly lacking in equipment and other essential items required to put them in a desired combat-ready status.

For these and other reasons, it is absolutely necessary that we place more emphasis on our Reserve forces of all the services and give a higher priority to meeting their needs. This bill is designed to put them in a better position where they can effectively obtain the support necessary to attain and maintain the combat readiness condition necessary to the national security.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3632) to amend title 10, United States Code, to strengthen the Reserve components of the Armed Forces, and for other purposes, introduced by Mr. STENNIS, was received, read twice by its title, and referred to the Committee on Armed Services.

Mr. TOWER. Mr. President, I am

pleased to join the distinguished Senator from Mississippi in sponsoring this bill to upgrade the status of the Reserve force programs. As chairman of the Preparedness Subcommittee he is known as a master of military policy and law. We in the Senate know him as a man who is not awed by glamour, who is not beguiled by power, who is not intimidated by the powerful—but a man who makes his judgment for the paramount interest of his country.

The bill now before us is very definitely in the paramount interest of our country. Last year, this body clearly rejected the Reserve merger plan, or at least thought it had. Apparently the Department of Defense did not interpret our action that way, for the Secretary of that Department has proceeded to do by executive mandate what he could not do by legislation—weakens the Reserve program of this country.

I will not at this time go into the many sound reasons for rejecting the merger plan. If the only harms resultant from the plan were those which we exposed last year, we might be content to simply bury it again and hope that the Defense Department will return to its job of strengthening our national security rather than continue upon its present course of weakening it. However, the revival of the merger plan has such a damaging effect upon the morale and readiness of the Reserve that we cannot be content to merely indicate our present disapproval of it. We must emphatically reject the plan once and for all and make it unmistakably clear that we do not intend to allow the Reserve program to fall into a sort of Defense Department limbo of doubt. How can we honestly expect a dedicated and prepared Reserve when its members do not know from one day to the next if there will even be a Reserve?

Every day the mail brings me letters from fellow Texans seeking clarification of the status of the Reserve. These veterans of World War II, Korea, and the Berlin callup do not even plead the case of the Reserve, they merely wish to know its status. These men deserve to know where they stand. We are not just dealing with units on paper or with machines, but with the hearts and minds of thousands of dedicated reservists. These men are needed by their country now as they have been needed so many times in the past. This bill will let them know this and it will let the Defense Department know it. It deserves and demands our wholehearted support.

UNITED NATIONS COMMITTEE ON THE PEACEFUL USES OF OUTER SPACE

The VICE PRESIDENT. The Chair wishes to announce the appointment of Senators GORE and AIKEN as congressional advisers to attend the United Nations Committee on the Peaceful Uses of Outer Space.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its

reading clerks, announced that the House had passed a bill (H.R. 15941) making appropriations for the Department of Defense for the fiscal year ending June 30, 1967, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 15941) making appropriations for the Department of Defense for the fiscal year ending June 30, 1967, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

FOREIGN ECONOMIC ASSISTANCE, 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The VICE PRESIDENT. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate resumed the consideration of the bill.

ORDER OF BUSINESS

Mr. KUCHEL. Mr. President—

The VICE PRESIDENT. The Senator from California is recognized.

Mr. MANSFIELD. Mr. President, we are operating under the rule of germaneness. I am attempting to speed up the consideration of the pending bill; and until the Senator arrives who is to offer the amendment to be proposed, I certainly would object to anyone being given unlimited time.

Mr. KUCHEL. Mr. President, I have two matters, one of which is relevant to the issue, and will take about 10 minutes. The other is for a very brief insertion.

Mr. MANSFIELD. Would the Senator withhold the relevant issue until we are on the issue with an amendment or other relevant matter?

Mr. KUCHEL. I shall do that.

I therefore ask unanimous consent that I may speak for 1 minute.

The VICE PRESIDENT. Without objection, it is so ordered.

CLAIM OF WATER WASTE IN SOUTHLAND REFUTED

Mr. KUCHEL. Mr. President, in few areas of the United States are Americans as conscious of the value of water as in southern California where the Nation's most dynamic population growth has occurred in a virtual desert region. Only the resourcefulness of the residents and their willingness to invest hundreds of millions of their own dollars in water development projects have enabled factories to grow, farms to produce, and people to enjoy the finest climate in the country.

Yet criticism from other parts of the country continues over alleged extrava-

grant uses and flagrant waste of water. I certainly would not contend that we have reached the peak in water conservation practices or that we can rest on our laurels, but I do challenge any other region of the United States to show that it has as active and successful a program to make the best possible use of water. Our universities, our water agencies, our cities, our industries, and our State government have taken important steps to use this precious resource more efficiently.

Mr. President, I ask that an article written by Mr. Ray Hebert, which appeared in the Los Angeles Times of July 3, 1966, entitled "Claim of Water Waste in Southland Assailed," be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLAIM OF WATER WASTE IN SOUTHLAND ASSAILED—METROPOLITAN MANAGER POINTS TO METERING OF SYSTEMS, BUILDING OF UNDERGROUND SUPPLIES

(By Ray Hebert)

Semi-arid Southern California's cities and farms use billions of gallons of water a day but very little is wasted, contrary to charges it is squandered and used unwisely. Most supply systems are metered and recreational swimming pool and golf course demands are negligible, officials here have replied to critics alarmed by the Southland's far-ranging search for more water.

Furthermore, it is unthinkable for Southern California to break up an affluent society and force its population to go where water is plentiful, as some critics have suggested.

"Doubtless a claim could be made in regard to excessive use to satisfy an affluent standard of living, but these trends appear irreversible," a water leader here said.

COLUMBIA RIVER PLANS FOUGHT

Charges of wasteful practices and water losses have come from other regions, notably the Pacific Northwest where concern is growing for proposals to tap the Columbia River as a new source of water for Southern California, Arizona and other Colorado River Basin states.

A long-range study which could lead to the diversion of water through a 1,000-mile-long aqueduct is included in legislation before the House Interior Committee.

To Sen. HENRY JACKSON (D-Wash.), chairman of the Senate Interior Committee, the vast water transfer plan could mean "total disaster" for the Pacific Northwest.

Actually, he says, there would be no need even to consider diversions from the Columbia if Southern California, Arizona and other Pacific Southwestern states made better use of their water.

His fellow Senator, Sen. WARREN MAGNUSON (D-Wash.), is just as emphatic.

Washington, he says, cannot permit its resources to be depleted "by those people . . . who waste their own water and then look to the Columbia for relief."

Specifically, complaints of poor water practices in urban areas and agricultural communities have followed three general themes:

Wastefulness caused by old or unmetered systems; objections to the use of water to sustain economically unjustified activities which might be conducted elsewhere, where water is plentiful, and the discharge of large quantities of water—to the sea or underground—after a single use.

FOUR PUBLIC AGENCIES

Responsibility for distributing most of the water used in Southern California rests with four large public agencies whose sole source now is the Colorado River.

The Colorado supplies about 50% of the water used in the crowded coastal plain, the area served by the Metropolitan Water District. The rest comes from underground reserves and the High Sierra. For Southern California as a whole, which includes the region's heavy water-using inland agricultural valleys, the Colorado accounts for roughly 80%.

Of the nearly 5 million acre-feet of water the agencies draw annually from the Colorado, about 1.1 million—1 billion gallons a day—goes to Metropolitan for nearly 10 million people in its Ventura-to-San Diego service area.

Robert A. Skinner, Metropolitan's general manager, says there is relatively little basis for criticism of water losses and unjustifiable uses in Metropolitan's populous six-county region.

Almost complete metering prevents it, unlike New York where a lack of meters was blamed for part of the city's heavy drain on water supplies during last year's emergency drought.

Furthermore, according to Skinner, any water which does escape here sinks into the ground to mingle with underground reserves which are pumped out later.

As for water to fill Southern California's swimming pools and keep its golf courses green, he said an investigation shows these uses are relatively minor.

In Los Angeles, which has 65,000 pools, for example, it takes an estimated 1.3 billion gallons to fill them once a year. This amounts to .008% of the city's total water use.

The city's golf courses require more water about 14 billion gallons a year, but this is only .08% of the water used by Los Angeles' 2.7 million residents.

Skinner noted that nearly \$200 million a year is spent on gardening supplies and lawn maintenance in Southern California. The amount of water consumed by gardens and lawns is extensive.

"But this must be accepted as a justifiable part of the current mode of living," he said.

At the same time he noted suggestions that future water shortages here could be prevented if water were used only for the "highest and most justifiable" purposes.

This raises a question about the practicability of producing goods here which cause a heavy drain on the region's water supply but nevertheless contribute heavily to the area's economic development.

Since this water cannot be totally replenished by local sources, critics have questioned whether its depletion confers a right on the population here to expect replacement water from other distant sources.

"We hear repeated many times the assertion that people should be forced to move where water is plentiful rather than expect to have water imported to supply their needs," Skinner said.

"But the well-being of vast segments of the population is at stake, as well as the survival of great economic developments. There are also significant interrelationships in the areas of national interest and security."

With particular reference to the discharge of water to the sea after it has been used only once, Skinner said this is being given increasing attention.

Some domestic sewage, after treatment, is being percolated into the underground for later use in the Los Angeles basin.

But Skinner said problems involving chemical quality and subsequent treatment methods to dissolve solids could put the cost of reclamation virtually in the same category as desalination.

In Southern California's inland agricultural areas, meanwhile, water-saving practices have been in effect for many years and others have been adopted recently to enforce even stricter controls.

For example, the Imperial Irrigation District, Southern California's largest user of

Colorado River water, is in the third year of an extensive program to concrete-line lateral canals to prevent seepage.

The smaller Coachella Valley County Water District points out that its entire system is based on the conservation of land and water. The Coachella Canal is completely concrete-lined.

A recurring complaint from the Pacific Northwest involves waste water which drains into the Salton Sea from Imperial Valley farms.

This water, so-called agricultural sewage, amounts to 1 million acre-feet annually. Much of it is attributable to the leaching necessary to cleanse the farmlands of heavy salt deposits left behind by the highly mineralized Colorado River water.

Although water officials here are certain the Pacific Northwest's complaints will continue to grow, Skinner believes the determining factor in the Southwest's search for more imported water will be the region's own ability to pay.

Assuming that it does not infringe upon the rights or welfare of other areas, he pointed out, it will be up to prospective water users in Southern California and Arizona to decide how much they are willing to pay "to fulfill a preferred way of life."

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session, to consider a nomination on the calendar.

The VICE PRESIDENT. Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR

The assistant legislative clerk read the nomination of Frank C. Di Luzio, of New Mexico, to be an Assistant Secretary of the Interior.

Mr. KUCHEL. Mr. President, this nomination came from the Senate Committee on Interior and Insular Affairs. It came to the Senate unanimously. May I say, not simply for myself, but also for the members of the committee, that Frank C. Di Luzio is uniquely qualified to handle the specially skilled responsibilities that come to his office, and I shall vote for his confirmation with enthusiasm.

Mr. ANDERSON. Mr. President, on July 20, the Interior Committee held a public hearing on the nomination by President Johnson on July 5 of Frank C. Di Luzio to be an Assistant Secretary of the Interior. At the conclusion of the hearing, the full committee voted unanimously to report to the Senate Mr. Di Luzio's nomination.

Mr. Di Luzio's position is a new one, having been created by section 2 of Reorganization Plan No. 2 of 1966. This plan, which became effective April 29 of this year, transferred the functions of the Department of Health, Education, and Welfare under the Federal Water Pollution Control Act to the Department of the Interior.

Among the duties of the new Assistant Secretary of the Interior will be the administration, under the Secretary, of the water pollution control program and the performance, in the words of the plan, "of such other duties as the Secretary shall from time to time prescribe."

As of the time of the nomination hearings, the Secretary had not prescribed

MORTGAGE MARKETS TIGHT

This spring, homebuilders and home buyers have been faced with the most unfavorable credit market conditions since 1959. Even though there has been a substantial rise in yields available on home mortgage investments, rates on other types of debt instruments have risen even faster, and mortgage investments have become relatively less attractive. In previous postwar years, such a development has been associated with a reduction in funds available for construction and a cutback in homebuilding.

Until late 1965, mortgage funds were generally in ample supply and mortgage yields had shown a slight downdrift since the start of the economic expansion. At present, however, conventional mortgage rates on new houses are close to $6\frac{1}{4}$ percent, as compared with approximately $5\frac{1}{4}$ percent last fall. The maximum rates permissible on FHA-insured and VA-guaranteed home mortgages have been boosted twice this year. In early April, these rates were raised $\frac{1}{4}$ of a percent to $5\frac{1}{4}$ percent, after a $\frac{1}{4}$ -percent increase earlier in 1966. In secondary market trading, yields on FHA mortgages have risen to about $6\frac{1}{2}$ percent, after staying under $5\frac{1}{2}$ percent from early 1963 through late 1965.

TABLE 2.—Vacancy rates for FHA apartments, selected areas, March 31

	1961	1962	1963	1964	1965
U.S. total.....	5.4	5.5	5.1	6.3	6.5
Northeast:					
New York.....	2.0	2.6	2.6	6.0	4.8
Philadelphia.....	6.3	7.3	7.8	7.3	9.2
Boston.....	1.2	2.4	3.3	5.4	5.4
Buffalo.....	5.2	5.7	4.0	3.3	2.4
Newark.....	1.2	3.0	3.7	4.2	4.7
North Central:					
Chicago.....	1.3	3.3	2.4	5.5	2.0
Detroit.....	7.7	12.3	4.2	6.2	3.7
Pittsburgh.....	5.8	6.6	8.3	4.7	5.9
St. Louis.....	17.1	13.0	9.7	8.3	7.9
Cleveland.....	5.4	8.7	7.8	7.5	5.8
South:					
Washington.....	1.8	1.5	1.6	2.9	2.8
Baltimore.....	2.3	4.9	4.8	3.0	4.6
Houston.....	18.6	12.7	10.2	15.7	15.4
Dallas.....	9.9	7.6	7.9	13.3	25.1
Atlanta.....	8.3	7.3	6.4	4.5	5.4
West:					
Los Angeles.....	5.3	4.9	4.8	8.0	10.9
San Francisco.....	6.1	4.0	4.1	5.8	8.9
Seattle.....	11.2	6.9	6.9	11.7	12.3
San Diego.....	17.1	4.8	16.7	14.6	16.1
Denver.....	3.2	5.5	11.6	6.3	10.6

Source: Federal Housing Administration.

New housing units started by ownership, and seasonally adjusted annual rates of private starts, June 1965, and April, May, and June, 1966

(In thousands of housing units)

Period	Total (including farm)			Nonfarm		
	Total private and public	Private	Seasonally adjusted annual rate, private only	Total private and public	Private	Seasonally adjusted annual rate, private only
1965—June.....	162.3	155.5	1,566	159.7	152.8	1,539
1966—April.....	149.2	147.1	1,502	146.9	144.8	1,481
May ¹	137.1	133.2	1,295	133.8	129.9	1,264
June ¹	130.9	127.7	1,288	125.5	125.3	1,264

¹ Preliminary.

SCHOOL MILK PROGRAM SHOT IN ARM TO FARM SECTOR OF OUR ECONOMY

Mr. PROXMIRE. Mr. President, yesterday, I had colloquy on this floor with my distinguished colleague from New York [Mr. JAVITS], on the need for a tax increase. I pointed to a number of facts indicating that not only was a tax increase unnecessary at the present time but also that unemployment was up significantly.

This unemployment increase, together with the slowdown in the rate of growth of our gross national product, makes it ever more important for the administration to reverse the present heavy outflux of dairy farmers from the farm into other sectors of our economy. What a pity it is to force these efficient producers off the farm because of inadequate dairy prices only to find that after a few months of work they had to join the ranks of the unemployed. After all, without seniority, these last hired would be the first fired.

The administration has taken some new steps to improve the dairy income picture. They have increased dairy price supports to \$4. They have decided to support the school milk program in its present form.

It is now up to Congress to act to reaffirm these administration decisions. For example, both House and Senate should take early action on the McGovern proposal to keep milk support prices

at \$4 per hundredweight through March 31, 1970. In addition, the House of Representatives should act quickly to approve the Ellender child nutrition bill, which extends the school milk program for 4 years. Finally, House-Senate conferees on the agriculture appropriations bill should meet quickly to approve the expenditure of \$105 million on the school milk program in fiscal 1967.

The school milk program's impact on dairy farm income cannot be minimized. Fully 2.5 percent of the Nation's yearly milk production is used in the school milk program. By keeping the program strong, Congress can give dairy farm income a real shot in the arm and, as a consequence, alleviate low farm income. This will keep many dairy farmers from swelling the ranks of the unemployed.

STRATTON COMMITTEE TO SAVE WEST FRONT OF CAPITOL

Mr. PROXMIRE. Mr. President, last month, Representative STRATTON announced the formation of the Committee of One Million To Save the U.S. Capitol. That is, to save the Capitol from the \$34 million extravaganza proposed by the Architect of the Capitol.

Representative STRATTON invited Members of the Senate to join the committee as cochairmen. Several Senators, including myself, have accepted.

I am happy today to announce that the distinguished Senator from Mary-

land [Mr. BREWSTER] also has joined the committee.

As the Senator from Maryland said:

I feel strongly that Congressmen and Senators have a duty to assume the leadership of a massive grassroots drive to stop the Commission for the Extension of the U.S. Capitol from presenting the nation with a costly and esthetically disastrous fait accompli that will be resented for years to come.

I heartily endorse his views and welcome him as a cochairman of the Committee of One Million To Save the U.S. Capitol.

I also ask unanimous consent to have printed in the RECORD two excellent newspaper editorials dealing with the west front of the Capitol. One, from the Milwaukee Journal, points out that the Capitol is "a symbol of our Government" that has never been damaged except by the British and the Architect of the Capitol. The other, from the Washington Post, notes:

No proponent of this costly and wasteful project has put forward a good reason why a Government beset by budgetary crisis must undertake at this juncture an unneeded, unwanted, unnecessary and unwise remodeling of the Capitol.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

(From the Milwaukee (Wis.) Journal)

BACKFIRE ON CAPITOL CHANGE

The plans of J. George Stewart to do more harm to the United States capitol have stirred so much opposition that they may be thwarted. However, Stewart—the capitol architect, who is a former congressman and not an architect at all—has succeeded before in flying in the face of strong opposition from outraged experts on architectural art and style.

In Europe, old buildings are kept in repair but they are not ruined by tacking on modern facings and changing their whole character. If the historic stone walls of the capitol's west front are crumbling, they should be fixed. But there is no need to extend the whole building 44 feet straight across its face and replace sandstone with marble.

The capitol is a symbol of our government. George Washington laid the cornerstone. Abraham Lincoln insisted on going ahead with its construction during the Civil war as symbolic of the nations' faith in its future. Only the British—in 1812—and Stewart have ever done it damage. The British tried to burn it. Stewart is trying to enase it in marble and redo its whole design.

His plan—unfortunately backed by such powerful politicians and artistic geniuses as Speaker McCormack and Senate Minority Leader Dirksen—has stirred anger in congress, among architects, among patriots, to whom the capitol is precious. Perhaps this time Stewart can be stopped. If the congress needs more meeting and office space, let it build another office building—but, even then, don't let Stewart do it.

(From the Washington (D.C.) Post)

WEST FRONT OPPOSITION

The Council of the Institute of Early American History and Culture has written a letter to Speaker JOHN W. McCORMACK urging reconsideration of the plan to destroy the West front of the Capitol. They correctly assert that the proposed extension will "result in the destruction of all the original external architectural details which make the Capitol one of the country's historic landmarks."

The Council, membership of which includes some of the foremost historical scholars in America, acknowledges that the Capitol is not a museum but a working forum, but they describe it as a "three dimensional lesson in the history of our country."

While the scholars were appealing to the Speaker, Senator RIBICOFF appealed for an examination of the office of the Architect of the Capitol and a delay in construction until that can be completed. He rightly said the matter is deserving of the consideration of the President.

The overwhelming majority of American architects and scholars and a substantial number of Senators and House members oppose the destruction of the West front. No proponent of this costly and wasteful project has put forward a good reason why a Government beset by budgetary crisis must undertake at this juncture an un-needed, un-wanted, un-necessary and unwise re-modeling of the Capitol.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AMENDMENT NO. 681

Mr. McGOVERN. Mr. President, I have an amendment to the foreign aid bill at the desk and ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment, as follows:

And at the end of the bill the following new section:

"SEC. 203. Notwithstanding any other provisions of this Act, the authorizations in this Act shall be adjusted on a proportional basis so the total shall be no less than 10 per centum of the total funds authorized to be appropriated for United States operations in Vietnam during fiscal year 1967."

Mr. McGOVERN. Mr. President, the pending foreign assistance bill as reported by the Senate Committee on Foreign Relations authorized a total of \$2,351,762,000 for the worldwide assistance efforts of the United States. Since this bill was sent to the floor, very large reductions have been made in the amount suggested by the Senate Committee after it completed its reductions on the administration request.

Mr. President, the United Nations has recently recommended that all developed countries devote no less than 1 per cent of their gross national product for the assistance of the developing world. A similar recommendation was made last summer by the White House Conference on International Cooperation. Realistic but tough-minded American bankers and experts on international development have arrived at a similar figure.

The bill now before us represents less than one-third of 1 per cent of our gross national product. As the Senator from Pennsylvania [Mr. CLARK] pointed out in his individual views, the United States was devoting nearly 2 per cent of our gross national product to foreign economic assistance 15 years ago under the Marshall plan. That investment has come back to us many times over in the increased purchasing power of Europe and Japan,

to say nothing of the increased political stability of the countries we assisted so generously.

Yet, the needs of Asia, Africa, Latin America and the Middle East are vastly more acute and urgent than the needs of postwar Europe and Japan. How can we justify in terms of our own self-interest or on grounds of broad humanitarian and political considerations the very meager approach proposed in the bill before us as reduced by various amendments offered from the floor?

Mr. President, let me say at this point that I do not approve of some of the emphasis in the Senate committee actions—the Senate committee report—particularly the separation of military and economic aid and the recommendation for more multilateral programs. I think that is the rationalization under which some of the members of the committee who have been strong supporters of economic and technical aid have felt it would be useful at this point to curtail our program and perhaps take another look at it next year.

While understanding that point of view, I think we have also gotten the impression from some of the discussion on the Senate floor that the basic strain on our resources is the foreign aid program, which simply is not true.

We are spending approximately \$2 billion a month on our involvement in Vietnam. There is some difficulty in trying to find out what the cost of our Vietnam activities is. As near as I can judge, based on discussions with members of the Armed Services Committee and with other senior Members of the Senate, it would be perfectly right to assume that our involvement in Vietnam is costing us close to \$2 billion every 30 days, which amounts to about \$25 billion a year.

Mr. President, we are now spending approximately \$2 billion a month on our involvement in Vietnam. As one of those who has seriously questioned the wisdom of this deepening involvement, I nevertheless do not believe that our expenditures there should be used as an excuse to reduce our investments in all the rest of the world.

The purpose of my amendment is to hold our foreign assistance programs for the world as a whole to no less than 10 percent of what we will expend on our Vietnam venture during fiscal year 1967. It would seem to me that our interest and our responsibility in the entire world ought to be considered at least 10 percent as important as our interest in South Vietnam.

Mr. President, before we further weaken our aid to the developing world, let us consider that the wealthiest nation on the face of this earth cannot live at peace in a sea of poverty. It makes no sense on either economic or moral grounds for us to devote \$25 billion annually trying to put out a fire in Vietnam when we are unwilling to expend even 10 percent of that amount in the rest of the world to prevent other more dangerous fires from breaking out, fires of the same kind arising from misery and poverty in underdeveloped areas.

Let us consider, too, that 88 percent of the funds expended under the pro-

posed bill will be spent here in the United States to stimulate American industry and agriculture and to provide jobs for Americans. Let us consider that as nations raise their standards of life, they become commercial purchasers of American products. For example, Japan, which was assisted by American food and capital in the postwar period, has now become our best cash customer, purchasing a billion dollars a year of American agricultural produce alone.

Foreign aid is not a giveaway; it is a sound economic, political, and moral investment that the United States can ill afford to neglect.

For those reasons, I offer this amendment.

I ask unanimous consent to have printed at this point in the RECORD an editorial entitled, "Leadership on Aid," published in yesterday's Washington Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post,
July 20, 1966]

LEADERSHIP ON AID

World Bank President George Woods deserves wholehearted and unequivocal support from the United States in his effort to step up the flow of soft loans to developing countries. The proposal Woods is scheduled to present today to the Development Advisory Committee would mean a quadrupling of contributions by the United States and other member countries of the Bank's soft-loan affiliate, the International Development Association. But this would still entail an outlay of only \$400 million by the United States as part of a projected overall I.D.A. pool of \$1 billion per year. A soft loan program on this scale can hardly be considered over-ambitious against the background of an official Bank estimate that the developing countries could absorb \$3 to \$4 billion per year more in external capital than they are now receiving. This is especially so at a time when economists are talking of a trillion-dollar U.S. Gross National Product by 1976.

Woods has acted decisively during his three years as president to bring Bank repayment terms into line with the facts of life in the developing countries. Many of the original loans made by the Bank (and the United States) during the Fifties carried short-term repayment provisions which bore no relation to the inherently long-term nature of the development process. The result has been a pileup of debt obligations in the Sixties coinciding with what was a predictable new cycle of aid requests from still-poor countries. As an immediate palliative, the aid-givers have been driven to the anomalous recourse of allocating new aid to cover repayments on old debts and in some cases, to stretching out the terms of existing loans. Now the Bank is seeking to give new emphasis to the I.D.A. as a major channel for its aid in an effort to meet the repayment problem head-on. In contrast to the Bank itself, which normally charges 5.5 per cent interest and now expects repayment in 20 or, at most, 35 years, the I.D.A. makes loans for 50 years and imposes only a .75 per cent service charge.

The need for increased American backing to I.D.A. in no way alters the importance of a continuing and indeed enlarged bilateral U.S. economic aid program. It is extremely unfortunate that Senator FULBRIGHT has tended to link his support for increased multilateral aid with opposition to any long-term authorization for U.S. aid. Senator FULBRIGHT and some of his colleagues have

permitted their anxieties about military aid in some countries to blind them to the very great value of a firm U.S. economic aid commitment in others.

In opposing the long-term aid authorization approved by the House, FULBRIGHT originally pointed to Secretary Rusk's Las Vegas speech and other statements tracing the origins of American involvement in Vietnam partly to our long aid commitment there. Happily, however, Rusk has now all but swallowed his words, stating in a letter to Majority Leader MANSFIELD that "our aid program neither implies nor prohibits a commitment to use our armed forces in cooperation with the self-defense efforts of a foreign country."

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. McGOVERN. I yield.

Mr. LAUSCHE. In substance and briefly, the amendment would increase proportionately each of the allocations in an amount equal to 10 percent of what this country will spend in fiscal 1967 in fighting the war in Vietnam. Is that correct?

Mr. McGOVERN. That is correct. As I said earlier, it is a little difficult to know exactly what that figure is. Members of the Armed Services Committee and other senior members of the committees concerned with this question have estimated that we are spending \$2 billion a month. In a rather carefully, well-done article in a recent Fortune magazine article, the cost on a yearly basis was calculated at \$21 billion. So we are fixing the figure at from \$2,100 million a year to approximately \$2,400 million a year, which is about the figure the committee recommended.

The impact of this amendment, as the Senator has said, would be to hold the authorizations in the present bill, on a proportional basis, at not less than 10 percent of that figure, which would be approximately \$2 billion a year.

Mr. LAUSCHE. If the Senator's amendment were adopted, the foreign assistance bill would provide moneys amounting to not less than 10 percent of what we are spending in the war in Vietnam. Is that correct?

Mr. McGOVERN. That is correct.

SAVING OUR FISHING FLEET

Mr. KUCHEL. Mr. President, the vessels of the American tuna fleet based in my home State of California continue to be harassed by naval vessels of South American nations claiming territorial zones far beyond the limits of reasonable international comity. Two recent incidents, one in May 1966, and one in December 1965, involved naval vessels of Peru, which claims as national waters a zone stretching 200 miles from its coastline. Protection of American tuna vessels in these waters of the open ocean is a matter of continued and recurring concern to all Americans.

The Senate has now before it the foreign assistance program. In the last session I was joined by a number of my fellow Senators, Republican and Democrat alike, in offering an amendment to provide that no aid would be extended to any country which imposes penalties on United States fishing vessels in regions beyond the equivalent of the territorial limits of the United States. Although

this proposal was overwhelmingly supported in the Senate, it did not, I regret to say, find similar support in the House of Representatives. The House-Senate conferees weakened the Senate position by permitting the President to have discretion in this matter. My amendment was an unequivocating mandate. The intent of the Congress is nevertheless clear that no aid should be provided to countries which interfere with American fisheries on the high seas.

President Belaunde of Peru recently told the Los Angeles Herald-Examiner that his country's 200-mile limit has been a great rallying cause for many Peruvian political parties because it establishes a national identity, "It tells the world 'We amount to something.'"

Mr. President, it is clear that only the most severe measures, perhaps nothing short of armed force, would effect a revision of the territorial boundaries of these proud Latin American nations. Such measures are clearly too drastic for the United States, in the 20th century, though a few generations ago I have no doubt that force would have been applied.

Even as these seizures of American vessels have taken place, use of the open seas has been changing radically to the disadvantage of our traditional American fishing activities. We all agree that we must protect American fishermen against interference by foreign naval vessels on the high seas. But, now as we see Soviet factory fleets off our own shores, ravaging the spawning beds just beyond the 3-mile limits of our own coast, as other nations in Latin America join the minority claiming greater territorial limits, we are witnessing an international grab for the resources of the sea. The expanding population on this ever smaller globe is pressing to its last frontier, the high seas.

Protection of the American tuna fleet is no longer solely a matter of the protection of the vessels and their crews, but of maintaining a resource vital to the food supply and to the nutrition of our Nation.

Since the incident of May 23 of this year, I had been in active consultation with the Department of State to find a formula for a long-term solution of this recurring crisis.

There is an anomaly in international law permitting any nation, if it so decrees and determines, to claim as much of its territorial sea as it is able to protect, and to receive appropriate recognition for. I believe it is the consensus of the Senate that the United States would not claim territorial limits which would unreasonably encroach on the rules of the road or upon traditional international fishing grounds. In the time of President Eisenhower, the delegates to an international conference of the Law of the Sea in 1960 came within one vote of adopting an international agreement limiting territorial waters of each nation for fishing purposes to 12 miles from the coast. That was a pretty gloomy roll-call for maritime nations.

Some of the prominent fishing nations of the world are now seeking to mark out their dominance in the fisheries of

the international seas, much in the same way that in the last century the imperialist nations carved up Africa. In this scramble America must provide leadership with firmness. She will not be greedy, but she will protect her own.

In consultation with the Department of State, I have proposed a four point program to insure the protection and preservation of our fishing activities off Latin America. I stated, earlier this year, it is essential that we establish a system of licensing whereby our fishermen may peacefully enter and fish in the waters off Latin America. No intergovernmental arrangement is possible which would recognize the egregious limits of Peru, Ecuador, and Chile.

Moreover, we cannot, by way of attempted retaliation, run our own jurisdictional claims hundreds of miles out into the sea, nor is it feasible to provide constant United States naval convoy protection for our American fishing vessels. Where we cannot provide physical security for them, we must at least give them the opportunity to protect themselves. The following proposals should be a first step toward achieving these goals:

First. I intend to introduce shortly a piece of legislation proposing a revision of the Fishermen's Protection Act, to provide for reimbursement of registration fees and a portion of the cost of fishing licenses which U.S. fishermen are compelled to purchase in order to harvest their historic fisheries. The U.S. Government should not only pay fishermen the cost of fines, as the law now provides, and of other losses involved in seizure by foreign vessels in international waters; it should pay also—as proposed by my distinguished fellow Senators from the Pacific Coast, the Senator from Washington [Mr. MAGNUSON] and the Senator from Alaska [Mr. BARTLETT]—it should compensate them for at least half of the cost of the licensing fees under an equitable formula to be worked out with the industry. It is in the national interest to support a continuation of the activities at full capacity of the fishing industry, whose production is valued at an annual rate of \$250 million.

I observe that this year Japan, one of the most active fishing nations in the world, paid over \$7 million to compensate for fishing rights in Korean waters. The cost of the measure I propose should not run to more than \$500,000 to \$1 million at present rates of licensing charged by all nations on the West Coast of Latin America likely to be concerned.

Second. The Department of State has accepted the task of facilitating licensing procedures so that our vessels, crossing from the zone of one nation into another, can conveniently purchase licenses without time wasted in bureaucratic procedures and without touching shore. It is vital that the fishing fleet be able to continue without interruption its pursuit of schools of fish as they cross artificial international boundaries in the seas and oceans.

Third. The Department of State has agreed to the establishment of a consular office in Talava, Peru, to improve its services to our fishermen in Latin Amer-

ica. The Department will also seek to improve licensing arrangements available to our fishermen in San Diego and other cities where our fishing interests have ready access. The Department is also considering means of implementing my suggestion of a permanent regional fishing attaché in Latin America.

Fourth. Recognizing that we must agree to disagree on the limits of our international fishing boundaries, the U.S. and Latin American nations must also recognize that we have broad mutual interests in the defense and development of this hemisphere. The Department of State has agreed to continue consultations toward resolution of these multifaceted problems through negotiations and discussion.

I call upon the fishing industry and upon my colleagues in the Senate to recognize the urgency of maintaining the American-flag fishing fleet in international waters. This problem becomes more urgent every day.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter addressed to me, dated July 15, 1966, from the Department of State, signed by Robert M. Sayre, Acting Assistant Secretary of State for Inter-American Affairs, and a letter addressed to me under date of yesterday, July 20, 1966, signed by August Felando, the general manager of the American Tunaboat Association.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, July 15, 1966.

HON. THOMAS H. KUCHEL,
U.S. Senate.

DEAR SENATOR KUCHEL: Prior to his departure for Central America, Lincoln Gordon asked me to report to you on the status of our efforts both in Washington and overseas to aid our American tuna fishing industry. In this connection your suggestions have been most helpful and we will make every effort to implement them.

While the United States has traditionally recognized a three-mile limit for both territorial seas and for exclusive fisheries jurisdiction, certain other nations follow different rules. The situation has given rise to numerous difficulties where the varying points of view come into conflict and has made the defense of the right of our fishermen to operate on the high seas a difficult problem. Perhaps the most extreme case is off the west coast of Latin America where certain nations claim a fisheries jurisdiction extending 200 miles from their coasts. Under present circumstances there does not appear to be an effective remedy under international law. Either we must accept such claims, attempt to impose our views, or find a negotiated position which does not prejudice either party's claim but results in a workable arrangement. As the first position is not acceptable and the second not practical, we have been attempting to find some mutually acceptable solution through negotiation. We have, in addition, investigated means of improving the lot of our American fishermen while these international questions remain unresolved.

Recognizing the difficulties that these conflicting claims present to the American fishing industry, the Congress enacted legislation which provides compensation for certain fines levied against our fishermen when they are apprehended on what we consider

to be the high seas. As discussed with you, the Administration is presently considering the need for broadening the benefits now available under the provisions of this Act. These amendments could include such things as reimbursement for registration fees and fishing licenses which U.S. fishermen are compelled to purchase in return for operating on what we consider to be the high seas.

As you have pointed out, in those situations where U.S. fishermen intend to fish in waters off a Latin American country and are willing to buy licenses, the procedure should be as uncomplicated and convenient as possible. In this regard, Chile, Peru, Ecuador and other relevant Latin American countries have established consular representation in San Diego and in other cities to which our fishing interests have ready access. Certain countries permit licensing by radio when the plans of a captain change and it appears he will wish to fish in the waters off the indicated country. As you have suggested, we will explore the possibility of obtaining this facility from other countries as well. In this area, we are encouraging discussions between representatives of the fishing industry and the foreign consulates to broaden the services which are made available.

We will continue to attempt to avoid confrontations between U.S. fishermen and foreign governments and will continue to improve and broaden the services available to American fishermen when they are apprehended on the high seas and taken to foreign ports. In Ecuador, for example, our Consulate General in Guayaquil provides the necessary consular services in the port of Salinas (the port where our vessels have on occasion been taken), and attempts to provide these services within two hours or so of notification that a boat has been apprehended. This has even on occasion meant that a representative of the Consulate General has been able to be waiting on the dock when the vessel arrived in port. In Peru the principal ports where our vessels have been taken after seizure are in the northern part of the country at some distance from the capital at Lima, and our Ambassador has used the Air Attaché plane to fly a team to the site to provide assistance. This has resulted in the prompt handling of the cases of our tuna vessels and their subsequent release. We have, of course, vigorously protested these incidents to the respective host governments when such have occurred and will continue to do so as required. We will also investigate your suggestion that we find a means of establishing a consular office at Talara.

In the more difficult area of reaching an understanding with the governments concerned, our Embassies are currently engaged in an effort to explore areas of possible agreement regarding fisheries which would not prejudice the legal position of either party. We will continue to discuss these problems with you and the fishing industry, and are hopeful that we will thereby obtain further suggestions that can be helpful in these negotiations. If these proposals are mutually acceptable, we will attempt to obtain their approval by the affected governments.

In our active search for a solution to these problems the Department of State plans in the immediate future to assign a regional fisheries attaché, highly skilled in fisheries problems, to a post in South America where he will be able to serve the entire area.

I hope that the ends of the American fishing industry will be best served through the services described above and through continuing negotiations. I look forward to further cooperation with you and representatives of the American tuna fishing industry.

Sincerely yours,

ROBERT M. SAYRE,
Acting Assistant Secretary for Inter-American Affairs.

JULY 20, 1966.

HON. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The program you have outlined as an approach to the solution of our longstanding problem with Latin American nations in continuing our traditional tuna fisheries in that area has the support of the American Tunaboat Association. I would particularly like to commend your constructive and positive proposal to defray the costs incurred by our fishermen to harvest tuna in areas which have been recognized as traditional fishing grounds for the United States fleet, and which in many places the United States recognizes as international waters.

As you well know, the tuna industry in the United States originated in Southern California in 1903. Since that time Southern California fishermen have developed fisheries from the coast of California to Chile. These fisheries now produce approximately 190,000 tons, or over 400,000,000 cans of tuna, per year, for the consumption of the people of the United States.

Since 1950 American tuna fishermen have provided the benefits of their knowledge, including many of their trade secrets, to the Inter-American Tropical Tuna Commission, so that the Commission may appropriately investigate the fisheries, carry out its conservation activities, and provide a basis for regulation of this fishing for the benefit of the nations of the Pacific Basin.

We recognize this fishery, not as the preserve of one nation, but as the common resource of all.

Sincerely yours,

AUGUST FELANDO,
General Manager,
American Tunaboat Association.

Mr. McGOVERN. Mr. President, there was a previous understanding that the senior Senator from New York [Mr. JAVITS] would call up an amendment in which he is interested at this time.

So under the circumstances, I ask unanimous consent that I be permitted to withdraw my amendment.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. JAVITS. Mr. President, I send to the desk an amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 20, between lines 3 and 4, insert a new subsection as follows:

"(g) Section 620, which relates to prohibitions against furnishing assistance, is amended by adding at the end thereof the following new subsection:

"(p) No assistance shall be furnished under this Act to any member state of the Organization of American States the government which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, if, in consultation with the members of the Organization of American States, in accordance with applicable resolutions and agreements of the Organization of American States, the President finds that such government does not intend to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties, until (1) the President is satisfied that such government intends to take such appropriate steps or (2) the President

has determined that the furnishing of such assistance is essential to the national interest of the United States, and reports such determination and his reasons therefor to the Senate Committee on Foreign Relations and to the Speaker of the House within 30 days accordingly."

Mr. JAVITS. Mr. President, I announce for the information of the Senate that the amendment I have called up is a mimeographed amendment. I call this especially to the attention of the Senator from Oregon [Mr. Morse], because there is a material difference between the mimeographed amendment and the printed amendment which I originally intended to propose.

That material difference lies in the use, in the third line of the section which I propose to insert—that is, section (p)—of the word "came," in the mimeographed form, as a substitute for the words "comes into" in the printed document.

That makes a great difference. It is my desire to have included within the purview of this amendment the de facto regime in Argentina. By the use of the word "came," it is likely included. On the other hand, the use of the words "comes into" could also mean this, if the author of the amendment said it was the intention to deal with current de facto regimes, and of course Argentina is the current one.

I have been unable to come to an agreement with the Department of State on that interpretation. Therefore, to end any question as to what I meant, I had to change the words "comes into" to the word "came."

I shall make that explanation again when more Senators are present, but I wanted to make it clear that the amendment I have offered is the mimeographed amendment and not the printed amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I should like to give this amendment the degree of weight and responsibility and seriousness which it deserves.

It represents a very real and a very pressing problem for us in a part of the world which, without denegating the importance of other parts of the world, is, in terms of the long-term future of the United States, the most important. Solidarity of the Western Hemisphere is the most important element or should be.

This is said, as I say, without in any way deprecating or depreciating the critical importance of anything else we do anywhere in the world.

The real problem facing us is what to do with nonconstitutional regimes, military regimes in the main, which take over generally by force, even though it may be bloodless, from constitutional governments in this hemisphere. I em-

phasize that the amendment relates to this hemisphere.

Mr. President, let us first be very clear as to what the amendment would do. The amendment does not deal with recognition. That is not our congressional prerogative. The amendment deals only with assistance, which is something on which we legislate.

The amendment deals with assistance to any member of the Organization of American States. That confines the amendment to 19 countries in the Western Hemisphere, excluding Canada.

The amendment relates only to governments which have come into power, so-called de facto governments, by the unconstitutional overthrow of freely elected and constitutional, democratic governments which have been acting in accordance with their constitutional mandates. The amendment would apply to that kind of a de facto regime.

To me, and this is the most critical aspect of the amendment, it would require consultation with the members of the Organization of American States in accordance with the applicable resolutions and agreements of the members of the Organization of American States.

This is the first time that an effort is being made to introduce into the motivating action of the United States the result of consultations with other American countries.

This would come about through a resolution adopted at the November 1965 meeting in Buenos Aires of the Second Special Inter-American Conference. It is Resolution No. 26. I shall describe it later. It is of critical importance to me in respect of this amendment because it is a recognition of the impact upon our policy of collective consultation with other American countries.

If my amendment is agreed to, we would stop foreign assistance—military, economic, technical, or any kind of assistance—to such a government after the consultation to which I have referred, if the President were to find that such a de facto government does not intend to take appropriate steps within a reasonable time for the restoration of constitutional government and the holding of free elections and the application of civil rights and liberties.

This is in accordance with the resolution of the Organization of American States, to which I refer. That is the exact term of that resolution.

This denial of aid is to obtain until the President is satisfied that such a government does intend to hold free elections and to apply human and civil rights and liberties, or until the President determines that the furnishing of such assistance is essential to the national interest of the United States, and he reports such determination and his reasons therefor to the Committee on Foreign Relations and to the Speaker of the House within 30 days.

These are the essential components of the resolution. It requires a cut off of aid, both military and economic, after consultation with the members of the Organization of American States, if the President finds that the de facto govern-

ment does not intend to have free elections or to extend human and civil rights and liberties. The resolution provides for the cutting off of aid until such time as the President advises Congress that he is satisfied that the government intends to take those steps or that, notwithstanding the fact that it does not intend to take such steps, it is still essential to the national interest of the United States to give such aid.

For practical purposes, this puts the President to his proof, and serves notice that we do not favor military takeovers, and that, as a necessary concomitant of recognition, which is within the power of the Executive, aid will not follow.

This is a matter peculiarly within the competence of Congress to say, because this is the one organ of a democratic government or a representative government which is immediately eliminated in the event of such a take-over. The first thing that goes is the legislative arm of government. So I believe that we in Congress have a right to show a special solicitude for the legislative arm of government, as an organ of the freedom of the people, by this kind of amendment emanating from us, at the very least—really, we are proceeding on the basis of "at the very least"—putting the President to his proof.

The first question that comes to mind, naturally, is, Who would be affected by the proposed amendment? What countries would be affected? Our researches and our checking with the Department of State would lead us to believe that only Argentina, which has very recently been the subject of a military takeover, would be affected.

Other military regimes are in existence in Latin America. For example, Paraguay is one, but Paraguay is approaching an election; so the President could certify a continuance of aid to that country, fully within the terms of the proposed amendment.

Bolivia has a military government, but, again, elections are scheduled for July 3; and Bolivia, too, under the proposed amendment, could qualify on certification by the President.

The same is true of Brazil, the largest country in Latin America, which also has a regime which came into power with military support. There, too, the President could certify qualification, because elections are scheduled to take place in October and November of this year for various elements of the government.

Haiti presents a different situation, although they have a government, under their version of a constitution and processes of law, which we thoroughly disapprove of, because the President holds office for life, by a resolution of the legislative arm of the country. But I do not believe that that kind of fuzzy situation could come within the terms of the proposed amendment and bring Haiti within the terms of the amendment, which deals with unconstitutional overthrow of a freely elected and constituted democratic government. That would not fit the case of Haiti.

So when the matter is boiled down in the way I have described, the one country which would come under this amend-

ment—except by virtue of the President's determination that aid should be continued—would be Argentina.

A good deal of opinion has been pressed upon me that the language of the original printed amendment proposed, which was prospective entirely, unless differently construed, should be the way in which I ought to present the amendment, because it would exclude Argentina, and that as we had already recognized Argentina by action of the President, there ought to be a free hand on the part of the President in respect of Argentina.

I am not opinionated on this subject, but I believe it fair to disclose to the Senate why I took the other course and made it retrospective in operation.

I first suggested, I might say parenthetically, that I would be willing, as the author of the amendment, to state that the words which were prospective would nonetheless include Argentina, because it was a contemporary takeover. But as the administration demurred to that interpretation, I naturally could not make it, because I could not do it unilaterally. Therefore, I went the whole way and adopted the retrospective word "came."

I did so in order to submit the case to the Senate in its full strength, which I believed was the only fair thing to—especially with the Argentinian situation facing us currently—to present to the Senate, in the first instance, at the very least, the situation with Argentina included.

Ample parliamentary means are available by which to confine the proposed amendment to its prospective operation, if I feel that that is the prevailing opinion in the Senate, in which respect I say it would still be an effective and an important amendment, but not so effective and not so important as if it did include Argentina. Then we could manage, within parliamentary means, to bring it in line with that view, if it represented some general view of the Senate.

However, in the first instance, I felt that I wished to present the matter in its pristine form to the Senate, facing the Senate directly with a decision as to whether the Argentine military regime should be included in this declaration of policy.

Mr. President, the desire on the part of the administration that this be prospective only and the reason it seeks to give itself an absolutely free hand with Argentina are understandable. Naturally, the Executive always desires to retain as much initiative in foreign policy as possible. This I understand. But I point out that my reason, on the other hand, was the unique custodianship which I feel a legislative body has in a representative government. We are the legislative body of our Nation. Legislative bodies of other nations, subject to this kind of de facto takeover, are the first to go.

I point out in respect to the Argentine regime, which I have no desire to attack, that we hear mixed views and reports about that matter, even from Argentina itself. I do not wish my words to constitute an attack on the Argentine regime specifically. I have no such in-

tent in mind. But I do attack the concept that without some deliberation in which Congress should participate, aid may be continued solely at the will of the Executive of our own country to a military takeover government.

I point out that the first thing that was done in Argentina was the dissolving of the Congress, the Supreme Court, and all political parties. In short, all forms of representative government and of democratic government were immediately swept aside in Argentina. This is the traditional practice of a military government, no matter how beneficent.

Under my proposed amendment, even that could be done. We contemplate the fact that it could be done. But we also say that at the very least we expect good-faith efforts to bring back representative government, in order to qualify such a nation for aid from this country, which is the participation by another nation in our resources, which we in Congress have an important hand in giving.

It is not like the recognition which we have entrusted under the Constitution to the President.

(At this point, Mr. MONDALE assumed the chair.)

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CARLSON. I hold no brief for the military junta that has taken over the Government of Argentina. However, yesterday I received a letter from a man who for a period of 5 years was in the mercantile field in Argentina, a man whom I know well. He went to Argentina. He wrote to me urging that we not take any action, but that we give the new Government an opportunity to try to establish some semblance of being a good government, to give it an opportunity later to hold democratic elections so as to give the people an opportunity to express themselves.

He did state that, as we know, the Peronistas are a strong organization in that country and that it was his opinion that they had no great love for the United States.

I think that when we deal with Argentina, we must keep in mind that perhaps this is the best we can do temporarily. I hold no brief for the Government there.

Mr. JAVITS. Mr. President, I wish to point out that in our debate we are dealing with the subject of institutions, the future of institutions, and also the encouragement of free and representative government.

In this regard, when the distinguished Senator from Kansas and I submitted our resolution on this very subject—in which he did give me the great honor of joining with me—in September of 1965, I made a statement, in presenting the resolution, which remarks run somewhat along the lines of the amendment I submitted today. That was before the Argentine takeover, and if we had adopted that resolution, it would have had a bearing on the Argentine situation:

Such military coups have occurred in Latin America since the beginning of 1962. It may be argued very convincingly that not

all of these takeovers were undesirable but it may be argued with equal persuasion, however transitional may be the military in political affairs in Latin America, that these are becoming increasingly damaging to Latin American development and should, therefore, inspire great hemispheric concern.

I am sure we all understand that one of the most upsetting aspects of government stability in Latin America is the danger of military takeover. When I was in Argentina a few months ago and saw President Illia, and looked over the situation there, the country was having serious economic difficulties.

I am sure—because it is probably true of every country in varying degrees—that the President and his administration could have run the country a lot better than it was being run. I am sure there are all kinds of legitimate complaints and difficulties, but we have learned over such a long period of time that the institution is more important than the vicissitudes of an administration. When the institution goes, the people's freedom goes. They can endure the lack of success much more than the loss of the institutions.

The important point that we must remember in the Senate is that almost every Latin American government exists by sufferance of the military. There cannot be real stability in Latin America until that ends. This is a critical point for all of us to remember as we give our votes and support for hundreds of millions of dollars in appropriations.

There was widespread public information in Argentina that the military could take over the government on any afternoon that they wished. Hence, President Illia's government operated constantly under that disability.

Indeed, so pressing was this idea that when I was there a general had to issue a statement saying that he had no intention or design to take over the government, so persistent were the rumors that this was likely to happen any day.

Even in firmly established governments such as those in Chile and Peru and other countries in Latin America, one inevitably finds the people looking over their shoulders as to what the army is going to do. This has been one of the great elements of instability, and imperils the democratic process in Latin America.

We must do everything we can to end that kind of approach and make it clear that we do not intend to reward military takeovers, as we did with respect to Argentina. It is a great mistake to recognize the Argentine position merely because a few other Latin American countries recognize it or whatever it was before the military coups had a chance to cool off. One could get an idea of the importance of the action if it had brought enough public support to sustain the government rather than the military power, which can give an appearance of tranquillity for a period of days or weeks.

I say again that I am not assailing the Argentine regime. It may be a beneficial military dictatorship, but a dictatorship is what it is. In my judgment, we cannot as a legislature—and that is what we are—allow the idea to go abroad

that we shall turn over to the President, without some participation by us, no matter how minimal—and certainly the participation I propose is minimal—some share in the decisions taken with respect to this critically important matter which is so vital to the future of Latin America.

Indeed, the real danger in these situations is that in the continued erosion of the hope and the faith of the people in the viability of democratic government and by the comparative ease with which successive coups can follow, their faith can be broken by the frequent or prolonged absence of democratic experience. See what dictatorship did to the Dominican Republic through blood baths. See what dictatorship of the military has done in Argentina itself within the last decade, since Peron left. Even he himself was the product of a military coup and fixed a dictatorship on the country for years, a dictatorship which almost broke the country's back, in economic and social terms.

See what Argentina itself has endured during the last 10 years. Its government, since the fall of the dictator in 1955, has been unable to break the strength of the Peronist movement, but has reached a compromise with it that is acceptable to the armed forces. The Government of Argentina apparently has been unable to handle the armed forces there.

So this is a very sticky wicket, as the saying goes. I have no illusions that my amendment, if adopted, will end that kind of situation; but it is high time that we began to express ourselves clearly and unequivocally upon this subject, especially in the desire to preserve representative government, which is what we as a Congress should seek to obtain.

A few years ago, a somewhat similar amendment was adopted to a foreign aid bill, but it fell in conference. I sincerely hope that the bitter experience of the last few years on this subject will enable whatever amendment the Senate decides to adopt in this field to survive conference.

Mr. HICKENLOOPER. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. The amendment which the Senator originally offered contained the word "comes" rather than the word "came."

The substitute amendment appeals to me, perhaps, as being a much more practical approach to this problem, and I am sympathetic to the Senator's purpose.

Mr. JAVITS. I know the Senator is, and I am grateful to him.

Mr. HICKENLOOPER. I am sympathetic to what he is trying to do. I only wish that by the adoption of his amendment we could be assured that it would really accomplish his purpose. He realizes that fully as well as I do.

Mr. JAVITS. Of course.

Mr. HICKENLOOPER. However, I feel that we can contribute toward alleviating an emotional situation if we do not leave the amendment as a prospective operation, since we have already, in the last few days, recognized Argentina's Government as a de jure government.

To go back now and adopt an amendment of this kind, which says that in spite of the fact that we had reason to recognize the Argentine Government officially, we now take this particular position, could have, perhaps, an effect that is not quite warranted.

So far as military governments are concerned, that does create a most confusing situation because I think we can sit down and analyze certain military coups which have occurred in Latin America over the past several years, and, at least I, could come to the conclusion that except for some of them the governments involved would be probably Communist today.

Mr. JAVITS. If I may interrupt there, that certainly was the suspicion about the two governments.

Mr. HICKENLOOPER. There was so much evidence of that. In almost every instance—I am not so sure about Argentina now, because I do not think that has disclosed itself sufficiently—when the military has taken over in such countries as Peru, Brazil, and others—even in Argentina before this—in so many instances where the military has taken over, it has taken over with the declaration that it wants to restore constitutional government which, it says, is in danger of being destroyed in the country, and therefore they have to step in to protect what it calls constitutional government.

I do not say that is true or untrue, but I think there is evidence to indicate that that has been the case because that has been the situation.

In most of those instances, within a reasonable time, the military has carried out exactly what it said it would do. It has stepped aside when a strong constitutional government has been installed and free elections have been called for, and other things of that kind.

Now, in one or two cases I think we have had some rather serious and self-serving operations by the military which have not been quite so altruistic or so patriotic. I am not passing on the Argentine situation, as I said a moment ago, because it has not unfolded itself sufficiently yet for us to get a good picture of it; but I would very much hope that the Senator could leave his amendment as it was originally filed, largely because our Government has now seen fit to recognize the Argentine Government, although that does not necessarily mean that we approve of everything they have done, or that we will approve of everything that they have done.

I recall that we become emotional, sometimes, on these things. A year or so ago, I was very much opposed to an absolute legislative prohibition against furnishing any aid to Indonesia, for instance. Much as I disapprove of what Sukarno is doing, I took the position at that time that it was entirely possible Sukarno would not be in control of Indonesia forever, that there might be something there that would happen that we would want to move rather rapidly on, at the discretion of the President, and furnish some aid to a—hopefully—better, government controlled regime.

I did not have any crystal ball—it was

not that sort of thing—however, it did turn out exactly that way. I think we are justified in the new Indonesian Government which is definitely oriented, at the moment at least, it seems; westward rather than eastward. We are justified, I think, without going through the tortured process of legislative discussion, to be able to give them a little aid in order to encourage them to go on toward the establishment of a more representative government.

I feel the same way here. I think that more discretion should be left to the President.

Mr. JAVITS. I am very grateful to the—

Mr. HICKENLOOPER. I do not mean to say that I will not vote for the Senator's amendment. That is not the point. If an amendment of this kind is adopted, I hope it will be the least abrasive of several alternatives which we might have.

Mr. JAVITS. The Senator is a high-ranking member on the Committee on Foreign Relations, and I think on all of these matters of such delicacy in foreign policy I would be among the first to listen to him. I hope very much that we may have the views of other members, and that we will have a test vote of confidence, I might say to my good friend, the Senator from Iowa, because I understand that the Senator from Oregon [Mr. MORSE] is going to move to strengthen even this amendment—the amendment which the Senator from Iowa already feels may perhaps be properly modified by requiring congressional action before the President can actually give aid—which I do not require under the amendment.

It seems to me that when we get, perhaps, a consciousness of the views of the Senate through that vote with respect to strengthening even further the amendment and by perhaps a little debate afterward, we may have some idea as to what is the the broadest possible support here for an amendment, or whether the way I have it now, or the way the Senator from Iowa suggested.

If the Senator has time, I should like to submit one other question to him.

I think that Argentina, incidentally, is a case where we may have a situation with the military which would be sui generis—and he is a lawyer and understands what I mean by that. For this reason: One of the interesting things about Argentina is that the whole military effort is directed toward blocking what many claim to be a majority of the people from electing a majority government which could be a Peronista government. It might be a Peronista government without Peron, which is the argument of about one-half of that movement now; or it might be a Peronista government with Peron. Nevertheless, it would be a government, perhaps, that a majority of the people—most of whom are workers and farmers—would want.

This is a profound question for us, as to what our attitude would be in this connection. I disapprove as much as does the Senator from Iowa of the extremism, the destruction, and the breaking of the back of the Argentine community, socially, and economically, which re-

sulted from the Peron regime. We have a deep question to decide. We do not have to aid it. We can deny it aid if it became a government, but what shall we do about the processes which might conceivably bring it into being so that a military government in the Argentine may not be nearly so ready? I do not think it will be nearly so ready as the military government in Brazil would be for free elections, civil rights, and other liberties and so forth, as called for by the resolution of the second special Inter-American Conference of the OAS. Therefore, an evaluation of our posture with regard to Argentine is really a serious component of this debate.

Mr. HICKENLOOPER. Mr. President, will the Senator from New York yield further?

Mr. JAVITS. I yield.

Mr. HICKENLOOPER. I think there is a great deal to what the Senator has said. I invite his attention, however, to the fact that there have been military takeovers in the Argentine before.

Mr. JAVITS. The Senator is correct.

Mr. HICKENLOOPER. Those military takeovers have resulted rather speedily in a return of the government to what at least the military thought—and I think most people agree—was a constitutional concept of government.

Mr. JAVITS. If I may buttress the Senator's argument, the fact is when they were holding the election, two-thirds were Peronistas, but they elected a leader who was not a Peronista.

Mr. HICKENLOOPER. That is true. I think they got frightened of that in one state, a few months ago. I forget what the percentage was, but I think it was approximately 2 to 1 in favor of the Peronistas in that state.

Mr. JAVITS. That is exactly right.

Mr. HICKENLOOPER. Of course, the Peron government was a tyrannical kind of government. It was not a representative government. I think that may be what they are afraid of. They may not be. I do not know. I cannot make up my mind about this government yet.

Mr. JAVITS. I think perhaps it would help Senators, including the Senator from Iowa, if I read into the RECORD the declaration of the Onganía regime which I think is pertinent to this debate.

I have three statements here. We have checked and tried everywhere for as much information as we could obtain on the attitude of the Onganía government on this question.

First, on July 9, 1966, when President Onganía addressed the nation at San Miguel de Tucumán, he stated in part as follows:

To this end we shall give each citizen the opportunity to feel himself master of and responsible for his own destiny; social and political peace, making possible harmonious solidarity without petty divisions; security, so that sudden fears shall not weaken labor; justice, so that the fruit of our effort shall not be wasted in privileges and so that we may all feel united in our common labor, true freedom, in order that intelligence and enthusiasm may create without restrictions our great national future.

Then, in a subsequent statement, on July 12, he gave assurances in response to matters which had been laid before

him, of the fact that he would not abide by having extremist groups in the country which do not hide their threats, thereby seeking to provoke artificial divisions in the Argentine family, thus distorting the image of the nation.

He was laying down what we in this country would call civil rights and civil liberties in that regard.

Finally, on July 13, 1966, he stated as a basis of his internal policy his desire to formulate the bases necessary for the reestablishment of representative democracy with corrects preexisting political deformations.

But in none of these declarations does the de facto president as a result of a military takeover give the assurances which are called for by the Organization of American States in resolution 26, to which we are a party, which was adopted on November 30, 1965, at the Second Special Inter-American Conference in Rio de Janeiro. I should like to read into the RECORD the pertinent aspect of that resolution, because it is so pertinent to the present discussion. I read from document No. 150 of that conference.

First I ask unanimous consent that the whole resolution be printed in the RECORD at this point.

There being no objection, document No. 150 was ordered to be printed in the RECORD, as follows:

[Doc. 150 (English) Rev.]

XXVI—INFORMAL PROCEDURE ON THE RECOGNITION OF DE FACTO GOVERNMENTS

Whereas:

The various instruments of the inter-American system have established and reiterated the principle that, in order that there may be real harmony and solidarity among the American states, it is essential that the effective practice of representative democracy be exercised in each one of them;

Consequently, the overthrow of a government and its replacement by a de facto government could be dangerous to the peace and solidarity of the hemisphere, and is therefore the subject of concern on the part of all the American states;

Through Resolution XXXVI, the Ninth International Conference of American States charged the Inter-American Council of Jurists with the preparation of a draft statute on the recognition of de facto governments, a task which it has not yet been possible to carry out; and

Until such time as said statute has been drafted, it is desirable that an informal procedure on the recognition of de facto governments be established,

The Second Special Inter-American Conference

Resolves:

1. To recommend to the member states that, immediately after the overthrow of a government and its replacement by a de facto government, they begin an exchange of views on the situation, giving due consideration to whether or not the overthrow of the government took place with the complicity and aid of one or more foreign governments, or of their respective officers or agents.

2. To recommend that the governments member states, in the exchange of views provided for in the preceding article, consider the following circumstances:

a. Whether the de facto government proposes to take the necessary measures for the holding of elections within a reasonable period, giving its people the opportunity freely to participate in the consequent electoral process; and

b. Whether the de facto government agrees to fulfill the international obligations as-

sumed previously by its country, to respect the human rights expressed in the American Declaration of the Rights and Duties of Man, and to comply with the commitments assumed by the signatories of the Declaration of the Peoples of the Americas and the general principles of the Charter of Punta del Este.

3. To recommend that, once opinions have been exchanged, each government decide whether it will maintain diplomatic relations with the de facto government.

Mr. JAVITS. Mr. President, the Conference resolved as follows:

To recommend to the member states that, immediately after the overthrow of a government and its replacement by a de facto government, they—

To wit, the member states—

begin an exchange of views on the situation, giving due consideration to whether or not the overthrow of the government took place with the complicity and aid of one or more foreign governments, or of their respective officers or agents.

2. To recommend that the governments member states, in the exchange of views provided for in the preceding article, consider the following circumstances:

(a) Whether the de facto government proposes to take the necessary measures for the holding of elections within a reasonable period, giving its people the opportunity freely to participate in the consequent electoral process; and

(b) Whether the de facto government agrees to fulfill the international obligations assumed previously by its country, to respect the human rights expressed in the American Declaration of the Rights and Duties of Man, and to comply with the commitments assumed by the signatories of the Declaration of the Peoples of the Americas and the general principles of the Charter of Punta del Este.

3. To recommend that, once opinions have been exchanged, each government decide whether it will maintain diplomatic relations with the de facto government.

Mr. President, it will be noted that I have transposed into my amendment precisely the condition of consultation and assurances by the de facto government which are called for by the resolution.

I should like to close this part of my direct presentation by calling attention to the fact that, in my own view, the most critical part of the amendment is the recognition of the consultative aspects in the relationships between the American states, with the dignity attendant thereon. There is now a requirement of carrying on and consulting with the other American states in a deliberate way and in arriving at whether, with respect to a de facto government, we should have relations and give it aid, or determining whether it is not a de facto government without the assurances which would warrant our giving it aid.

I think it is a tremendous element of strength in the inter-American system that we adopted this principle, no matter how we may finally work out this matter. The basic principle of calling for consultation with the other American states with respect to these matters gives strength and dignity to the Organization of American States and the other members who participate.

With that statement, I shall end my part of the debate at this time.

I think the Senator from Arkansas [Mr. FULBRIGHT] may wish to interject his comments and deal with this amendment in the way he thinks it ought to be dealt with.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. Is my understanding correct that there is nothing in the act now which takes care of the situation the Senator would like to take care of?

Mr. JAVITS. That is correct. This was done, I believe, a year ago. We had an amendment adopted in the Senate with respect to military takeovers, but it fell in conference. There is nothing in the act at present to take care of the situation.

Mr. SALTONSTALL. Would the Senator's amendment be prospective and retroactive?

Mr. JAVITS. It is both prospective and retroactive. I have stated my reasons for it. I think retroactively that it would affect only the Argentine Government. The other countries have qualified by assurances of providing for elections or in some other way. So the retroactive aspect of the amendment would relate only to the Argentine.

I have not closed my mind to making the amendment only prospective, depending on how the matter goes in the Senate.

THE AIRLINE STRIKE: A NATIONAL DISASTER WHICH COULD IMPERIL THE ENTIRE FREE LABOR-MANAGEMENT COLLECTIVE BARGAINING PROCESS

Mr. TYDINGS. Mr. President I reluctantly rise to call to the attention of the Senate the grave fact that after 14 days of strike no progress seems to have been made toward settling the airline dispute which has grounded 60 percent of our national air traffic.

This strike amounts to nothing less than a national disaster for our economy and for tens of thousands of workers and their employers.

The course of conduct being followed by the leaders of the International Association of Machinists' Union not only is imperiling our national economy but also is endangering the future collective bargaining posture of organized labor in general. The IAM's refusal to accept, or even fairly consider the flexible and reasonable settlement terms suggested by the Presidential Emergency Board—which recommended \$76 millions in increased wages and benefits—that is a 3.5-percent increase—can only be characterized, even by a staunch friend of labor, as imprudent, unwise, and completely contrary to the public interest.

The transportation industry is and has long been critically associated with the public interest. The airline industry, which now carries 57 percent of all commercially carried intercity travelers in America, is closely controlled and regulated by Federal administrative agencies, even as to the fares the companies may charge and the profit they may earn.

I am advised by the distinguished Senator from Oregon, Senator MORSE, who was Chairman of the Presidential Emergency Board, and who is universally considered a champion of our collective bargaining system second to none, that, in his judgment, the IAM leadership was determined from the beginning of the Board's deliberation to strike and to reject the Board's recommendations, unless they included complete acceptance of the IAM's demands, which would require a 7-percent increase in wages and fringe benefits. At no time during the proceedings of the Presidential Emergency Board, including the 8 days of public hearings, did the union leadership even retain a labor lawyer, or mediation specialist, or labor economist to present the union's case, a failure extremely unusual in major labor-management disputes.

The IAM leadership flatly refused to accept the Emergency Board's findings, which any objective and impartial observer would term fair and favorable to the union's position. These recommendations included:

First. Wage and fringe benefit increases totaling \$76 million—the union demand was \$130 million.

Second. Accepting the union's basic demand for liberalizing vacation and hours.

Third. Accepting the union demand to increase to eight the number of paid holidays per year by including Good Friday.

The strike of 35,000 airline employees has grounded the planes which daily carry more than 150,000 passengers to 231 cities and 23 foreign countries. The five struck airlines fly 61.5 percent of all U.S. airline passenger miles, carry 70 percent of the Nation's mail, and 73 percent of all America's airfreight.

The strike by these 35,000 employees has already led to the layoff of more than 20,000 nonstriking airline employees who have nothing to do while the planes are grounded. The strike is costing the airlines and their employees alone almost \$8 million a day, every day. And this is the 14th day of the strike.

Any natural phenomenon which put 55,000 Americans out of work and cost American industry \$56 million in 1 week would surely be called a national disaster. And that is exactly what this strike has already done to the airlines and their employees alone.

The strike is costing thousands of other Americans additional millions in lost wages and sales. Hotels, resorts, and the whole travel and vacation industry is suffering from the strike, which has come at the peak of the vacation season. The Florida Hotel Association reports the strike is costing the greater Miami area \$400,000 a day in lost tourist business, and New York estimates its tourist loss is now running over \$750,000 a day and getting worse. Layoffs of vacation industry employees have already started in Florida.

Industries all across the country are reporting production delays, because they cannot get needed parts and material by airfreight. Some plants may have to shut down production lines if

the strike continues much longer. Although a number of nonstruck airlines have substantially increased their freight loads, one major freight carrier estimates the whole national airfreight traffic schedule has already been thrown a week behind by the strike.

Employers and workers who depend heavily on air freight are being especially hard hit by the strike. The Nation's three leading lobster dealers are losing \$1,500 a day in lost shipments. The delivered cost of many California flowers which are shipped by air has risen 5 to 10 percent, and the flowers sometimes spoil in delayed transit.

The strike has gravely inconvenienced the American people, 150,000 of whom normally use the struck airlines every day. Businessmen cannot get to appointments, vacationers have had their vacation plans wiped out, and servicemen have found increased difficulties and delays in getting home on leave.

The first day of the strike grounded 250,000 airline passengers, stranding thousands in cities distant from their destinations.

This incalculable economic damage and enormous inconvenience the airline strike has already caused surely raises grave questions about the effectiveness of present statutory procedures for mediating, arbitrating, conciliating, and settling labor disputes within a free collective-bargaining framework. This is no private disagreement between a remote employer and his employees. This is a major shutdown of the airline industry, and such a shutdown for any reason carries with it enormous public consequences—all of them, as this strike demonstrates, costly and bad. The public has an extremely high stake in averting such strikes, and in the conclusion of noninflationary settlements to them.

The public may be an innocent and helpless bystander to this strike, but the abrasions and damage this strike is causing the public could deal a body blow to the entire philosophy underlying our national collective bargaining framework. The American people have a remedy for intolerable wrongs; that is the power of their Congress to enact laws to protect their well-being. And this strike has every appearance of being unreasonable, unnecessary, and intolerable.

A close examination of the anatomy of the airline strike reveals not just that the statutorily sanctioned collective-bargaining process has broken down in this case, but that the responsibility for the final breakdown must be borne almost entirely by the leadership of the striking union, the International Association of Machinists. These are the facts:

The negotiations which preceded this strike dragged on for nearly a year without producing a peaceful settlement.

The President exhausted every statutory tool available to him to avert this strike, and every tool failed to prevent it.

The union refused arbitration of the dispute by an impartial Government board.

The union rejected the settlement recommended by the Emergency Board created by the President on April 21. That Emergency Board, chaired by the re-

nowned labor-management relations expert, our distinguished colleague, the Senator from Oregon [Mr. MORSE], compiled a 3,000-page record during 2 months' proceedings. On that record, the board recommended a fair and basically noninflationary settlement which the airlines accepted and which provided for an increase in benefits of \$76 million. But the union rejected that settlement almost before it even knew what the settlement proposed.

After 30 days of continued intransigence toward the recommended settlement, the union walked out on the first day the law allowed, setting in motion this disastrous strike.

I am not an expert on labor management relations, nor have I been a party to the negotiations preceding this strike. But I have studied the report of the President's Emergency Board and the statements Senator MORSE has made here in the Senate regarding the background and issues in this strike and the negotiations which preceded it, and I have examined the reports of the strike carried by the press. On that record I am compelled to agree with Senator MORSE when he said in this Chamber last week:

The fact is that on issue after issue the union is trying to substitute its economic power for evidence.

As a Member of the Senate and the Congress, I represent neither labor nor management, neither the airlines or the union. I, like all Senators, represent the people. And the people have so far been the real losers in this strike. Whether the union leadership in question will recognize its responsibility to the public interest in this case may very well determine whether or not the present statutory posture of our free collective bargaining system—particularly as it applies to the transportation industry—itself becomes a victim of this strike.

The entire Nation has a major stake in the rapid resolution of the airline strike on noninflationary terms. And the whole Nation has a major stake in seeing to it that the collective bargaining system is not abused by irresponsible and inflationary intransigence.

A continuation of this dangerous disruption of our Nation's economy and transportation system must compel Congress to amend the emergency dispute provisions of the Taft-Hartley law to plug the loophole in the law which is becoming more and more visible with each day of the strike.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. TYDINGS. I am happy to yield to the Senator from Oregon.

Mr. MORSE. I commend the Senator from Maryland for his courage and his forthrightness in making the statement he has just made on the airlines strike. In a situation such as this, the partisans very often are blinded by the facts; and I am glad that the Senator from Maryland has been willing to speak as plainly as he has to the partisans in this case, who have a public responsibility and obligation to bring this strike to an end, and seek to return to procedures that will settle it on its merits.

I only wish to add, with respect to the Senator from Maryland, that his record is perfectly clear as to his defense of the rights of both labor and management, and the protection of their legitimate rights. That is the only obligation that we, as Senators, have any right to seek to carry out. When we find, in a situation, that labor is following a course of asking for more than its legitimate rights, then, as Senators, we must make clear that we will not support labor in that position.

I think the Senator from Maryland, as well as many other liberals in the Senate, can stand on the record that they have made over the years in fighting to protect the legitimate rights of labor.

But the last part of the Senator's argument, in which he pointed out the need for amendments to the Taft-Hartley Act, is simply unanswerable. The Senator from New York [Mr. JAVITS] has taken the same position. Ever since 1947, I have sought to get legislation passed that will amend the emergency dispute section of Taft-Hartley.

In this instance, we need to amend the provisions of the Railway Labor Act, because the Taft-Hartley law does not apply to the workers involved in this dispute. The Railway Labor Act does.

I had hoped that the union involved would come to its senses and substitute the exercise of its responsibilities for industrial statesmanship for the use of economic power in seeking to gain for itself a settlement that, on the facts, it simply cannot justify.

Apparently there is growing doubt as to whether the expectation is justified. Therefore, there is in the process of being prepared today by legislative counsel another proposal for application to this strike. It is a proposal that, in effect, would have Congress declare that an emergency exists which jeopardizes the public interest and call upon the courts to review the situation and to take whatever judicial action is necessary to bring to an end the strike and give to the parties the safeguard to which they are entitled, to resume collective bargaining and mediation on a voluntary basis.

We have reached the point, in my judgment, at which the American people are entitled to have this strike stopped. If the parties are unwilling to work out a fair settlement by applying the volunteerism of that precious right of collective bargaining in this country, Congress has a clear duty to proceed to protect the public interest.

As soon as that legislation is prepared and has been reviewed and we have counseled about it, the senior Senator from Oregon intends to introduce it.

Mr. TYDINGS. I thank the distinguished senior Senator from Oregon.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

"CONSENSUS" APPROACH WON'T WORK ON STRIKE LEGISLATION

Mr. JAVITS. Mr. President, I had intended to say something about this matter today. I shall say it in the presence of the Senator from Maryland because I value his interest in the situation.

I do not ask that the Senator join me in my opinion, but I was struck by the President's answer to a press conference question yesterday.

The question asked was:

Mr. President, recalling your State of the Union promise to seek legislation to deal with strikes that threaten irreparable damage to the national interest, do you still plan to ask such legislation and might this include compulsory arbitration in something like the airline strike?

The President went on to say that he had people working on the situation. He then said:

I must frankly say to you that up until this point we have been unsuccessful in getting legislation that the Secretary of Labor and the other members of my Cabinet felt acceptable and that we felt would have any chance of passage in the Congress.

We are still searching for that answer and we would like to find a solution that could be embraced by the Administration, management and labor and the Congress. Up to this point we've not been very successful.

I do not ask the Senator to agree with me. I am speaking rather freely as a member of the opposition.

I respectfully submit that if the President of the United States is trying to find a solution to the airlines strike that will be acceptable to the administration, management, labor, and Congress, the airlines strike will never be settled. This is "consensus" government really defeating itself. I have made recommendations. The senior Senator from Oregon has some recommendations in the process of preparation. The Senator from Ohio [Mr. LAUSCHE] has some recommendations.

I respect the presidential prerogative whether he is a member of my party or not. I want very much for him to send us recommendations. But I respectfully submit that if he is looking for recommendations that are the consensus of everybody, we might as well stop waiting. It will not happen. We will have to act on our own.

I would much rather that we act in concert with the President.

The statement by the President was alarming in terms of his idea and timing.

I do not say that the President is breaking his promise. He has not delivered on the promise given in January, 6 months ago.

I find it encouraging that the President is seeking to recommend new legislation in this field. But I am somewhat dismayed by the condition which the President now attaches to this course of action.

The President says he is searching for an answer which can be "embraced by the administration, management and labor and the Congress," but he acknowledges that up to now he has not been successful. That is no surprise to me. I have been studying this field for many years, and as ranking minority Member of the Senate Labor Committee I can state that this is one field where there are about as many different opinions as there are people.

If we are to wait until the administration comes up with a recommendation on which everyone agrees, we will wait forever. This is consensus government

Therefore, Mr. President, I move that the Senate agree to the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 254) to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Federal reclamation project, Oregon, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ASPINALL, Mr. ROGERS of Texas, and Mr. SAYLOR were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 139) to provide for the striking of medals to commemorate the 1,000th anniversary of the founding of Poland.

MARCH FROM MEMPHIS, TENN., TO JACKSON, MISS., JUNE 5-26, 1966

Mr. EASTLAND. Mr. President, James H. Meredith began a march from Memphis, Tenn., to Jackson, Miss., on June 5, 1966. After Meredith was sprayed with birdshot on June 6, 1966, other individuals converged on Mississippi and continued the march to Jackson.

The following were among the individuals who participated in the march to Jackson:

Edward Crawford, Earl Harris, Blyden Jackson, Bennett Johnson, Clarence Jones, Phillip Lapsansky, Oliver Leeds, Stanley Levison, Derrick Morrison, Ann O'Brien, and C. T. Vivian.

One Edward Crawford was chairman of the New York Council To Abolish the House Committee on Un-American Activities, a Communist-sponsored movement.

Earl Harris, in 1944, was registered as a member of the Communist Party.

Blyden Jackson was formerly the campaign manager for Herbert Aptheker, a member of the National Committee, Communist Party, U.S.A.

One Bennett Johnson, Jr., attended a meeting of the Negro Commission, Communist Party of Illinois in 1964.

Clarence Jones is an attorney who, during the 1950's, held a position of leadership in the Labor Youth League, which has been cited by the Attorney General as a subversive organization under Executive Order 10450.

Phillip Lapsansky is a current member of the Socialist Workers Party, which organization has been cited by the Attorney General as subversive in accordance with Executive Order 10450.

Oliver Leeds is a member of the Communist Party, USA.

Stanley Levison was a secret member of the Communist Party, USA, as late as 1963.

Derrick Morrison is a current member of the Detroit branch of the Socialist Workers Party.

One Ann Mary O'Brien has admitted membership in the Labor Youth League in Chicago from 1954 through 1958.

C. T. Vivian was a member of the Community Section, Communist Party, Peoria, Ill., prior to November 1947.

Mr. President, these were the people who manipulated the Communist invasion of the State of Mississippi.

These were the people who were behind the cries of "black power" in the State, which was nothing but a revolution against constituted legal authority.

These are the people who, in my judgment, are behind the race riots which are occurring in northern cities in this country today. What we have got is an attempt by the Communists to foment revolution in the United States.

Mr. President, in the future I am going to have some other names and much more to say about the Communist revolution which is taking place in this country today.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I understand that the distinguished Senator from Virginia [Mr. BYRD] has an amendment he wishes to have printed.

AMENDMENT NO. 694

Mr. BYRD of Virginia. Mr. President, I send to the desk an amendment to the foreign economic aid bill (S. 3584) which I intend to propose at the proper time. I ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. BYRD of Virginia. Mr. President, the pending bill (S. 3584) is in the nature of amendments to the Foreign Aid Act of 1961 which set forth a statement of foreign aid policy. Subsequent acts have expanded that statement.

The Senate Foreign Relations Committee is proposing an additional policy statement in the bill now before the Senate. My amendment would add another expression by Congress.

It is conceded that the Red Chinese are supplying North Vietnam's Vietcong with materiel for fighting the Vietnam

war in which thousands of Americans are being killed.

In March of this year it was publicly disclosed in this country that the West German Government approved—with financial backing—a deal under which a West European consortium would supply steel plants to Communist China.

My amendment would have Congress condemn that action as aiding Communist aggressors, and as a grave blow to the common defense of the free world.

REVENUE, EXPENDITURES, DEFICITS

Mr. WILLIAMS of Delaware. Mr. President, the Treasury Department would object if any American taxpayer were to use two sets of books in his business. The Securities and Exchange Commission would take prompt action if any American corporation issued misleading reports to its stockholders. The Department of Justice would move in rapidly if any American corporation when selling its bonds provided prospective purchasers with false or misleading information as to its true income and its expenses.

Yet unfortunately these rules do not apply to the Federal Government.

Yesterday the administration reported that last year's deficit had been brought down to \$2.3 billion. No doubt this will be hailed in financial circles as evidence that we are making great progress in Congress and the executive branch toward balancing the budget and that now there will be no need for a tax increase to finance the Great Society's programs.

But this is not the true picture.

The \$2.3 billion deficit is compared to the \$6.4 billion deficit which was projected by the President in his message to Congress last January.

Also this week—just a couple of days ago—in discussing this problem of expenditures and income with members of the Appropriations Committee, the President emphasized the fact that we were either going to have to cut spending or endorse wage and price controls in this country, or there would have to be a tax increase.

I think that for the RECORD we should straighten out exactly how much this administration is spending as compared to its income.

The fact is that the deficit for 1966, which ended June 30 last, while it may be reported at \$2.3 billion does not tell the true picture.

For example, there were \$7.9 billion taken in during fiscal year 1966 in non-recurring income. This figure is admitted by the Treasury Department. This nonrecurring income is broken down in this manner: In 1964 Congress passed a provision to accelerate payment of corporate taxes, which in fiscal 1966 would have brought in an extra \$1.8 billion. At the time the President spoke last January he referred to this item and included that in his computation. He also told Congress that he was planning to sell \$2.6 billion in assets. This too was

taken into his calculations. Based upon this estimate he still projected a \$6.4 billion deficit for fiscal 1966.

Since January, the administration has taken several additional steps to inflate income on a one-shot basis, steps which were not included in the message of the President.

On March 15, 1966, Congress passed a bill which would further accelerate payments of corporate taxes. This resulted in an increase from corporations for fiscal 1966 of an additional \$1 billion.

In addition, the Treasury Department decided that it would include as a part of the general revenues the profit it makes from reducing the amount of silver in the dimes, quarters, and half dollars. This results in an increase for fiscal 1966 of an additional \$1 billion. This too is nonrecurring income.

In the latter part of May of this year the Treasury Department issued a special regulation which required all corporations over a certain size to start forwarding to the Treasury Department on a semimonthly basis that withheld payroll taxes. Prior to that time, they had been paid on a monthly basis. This executive order accelerating the payment of withheld payroll taxes brought in during fiscal 1966 an addition \$1 billion.

Sales from the stockpile over and above normal sales and transactions represented by sales of the Government of aluminum, copper, and other major commodities, brought in another \$500 million over and above what would be normal.

All together, as a result of steps that have been taken by the Congress plus Executive orders by the administration since last January, there has been brought into the Federal Treasury during fiscal 1966 in nonrecurring income \$3.5 billion more than was taken into consideration in the President's message. This added to the \$4.4 billion of nonrecurring income that were already in the budget brings the total to \$7.9 billion.

I pointed out earlier that already \$4.4 billion, represented by the \$1.8 billion which came from the 1964 act accelerating corporate tax payments and \$2.6 billion representing sales of assets were in the budget estimates.

When we add these figures we find that in fiscal 1966 the Treasury collected \$7.9 billion in nonrecurring income. These are one-shot operations; therefore the real deficit for fiscal 1966 is \$10.2 billion, not \$2.3 billion as claimed.

There will be some nonrecurring income in 1967, which I shall discuss in a moment, but once nonrecurring income is utilized and included as a part of general revenues it cannot be duplicated, nor will there be an opportunity to get this amount again. Congress must take into consideration the amount of nonrecurring income that was included as a part of 1966 general revenues. Part of it was used to reduce reported expenditures, part of it to increase revenues, but it all had the effect of reducing the deficit as reported on June 30.

I repeat, if we take the \$7.9 billion of nonrecurring income and add it to the \$2.3 billion deficit which was reported yesterday we have an expenditure in

fiscal year 1966 of \$10.2 billion more than was taken in income. This is figuring it on the same basis as has always been used prior to this time.

I do not object to the administration accelerating these payments. I supported the legislation which required acceleration of corporate tax payments, but in doing so I said I did not want it to be interpreted by the American taxpayers in any such misleading manner. The fact remains that the Government has spent \$10.2 billion more in fiscal 1966 than it has taken in in normal revenues.

Let us tell the American people the truth.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. PASTORE. No one would dispute what the Senator from Delaware is saying. We all know and admit that the Congress of the United States made certain concessions by law, which, in a sense, did affect the deficit or balance. But will not the Senator grant, in the same spirit, that the President is very much concerned that requests by Congress amount to potentially \$6 billion over and above the requests made by the administration? If that happens, it will not be the fault of the administration or the President; it will be the fault of the Congress of the United States.

Mr. WILLIAMS of Delaware. I do not disagree with that statement. I will go into that further later.

Mr. PASTORE. The Senator from Delaware talks about keeping two sets of books as though there was fraud or deceit practiced on the part of the administration in reporting the last budget deficit. There is no fraud or deceit involved. Nobody is more concerned than the President about overspending. He has had several meetings with various Members of Congress. He had a group of us at the White House recently, emphasizing his request not to adopt legislation going beyond his requests. The spending mood of Congress has a potentiality of \$6 billion more than the budget.

Mr. WILLIAMS of Delaware. I agree with the Senator that the President of the United States cannot spend a dime more than what Congress approves, so Congress does have a responsibility. But the President also signs these bills. I am not trying to place the blame for this alone on either the President or Congress. I am trying to present the facts as far as the American taxpayers are concerned, and it does not make any difference whether it is the fault of the President or of the Congress. Working together we are operators of the Government.

I am presenting the fact that for the fiscal year 1966, instead of a deficit of \$2.3 billion as was reported, the Great Society programs, military expenditures, and so forth, actually amount to \$10.2 billion more than was received in revenues. This is the true picture if we follow the same methods of bookkeeping we always have followed heretofore. That is the point I want to make. Let us report this deficit in its true form.

We must take these facts into our calculations, because while next year we will

have a similar windfall—if one wants to call it that—on these one-shot operations, after fiscal 1967 they will be done.

There will be no more chance for using those one-shot operations. We will not be able to accelerate the payment of corporate taxes beyond the point to which they have already been accelerated in the legislation enacted in 1964 and 1966. Tax payments for corporations as well as for individuals will be on a prepaid basis. At the end of 1967, corporations will be paying in advance on a quarterly basis. Surely no one will advocate that taxes be paid 2 years in advance. Nobody advocates that. So this one-shot operation will come to an end after 1966 and 1967. In the meantime our expenditures are running at an annual rate of about \$10 billion higher than our revenues; this at a time when our economy is at a top level.

I am not trying to place the responsibility for this on either the President or the Congress. Both are responsible. I am merely trying to bring out the facts. We should have accelerated corporate tax payments, and I supported the measure which the administration proposed, but in doing so I wanted it clearly understood that the increased payments evolving therefrom during fiscal 1966 and 1967 would not continue forever and should not be included as normal revenues when reporting the deficit.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Rhode Island.

Mr. PASTORE. Will not the Senator admit that this \$10 billion over and above what we spend in fiscal 1966, as against fiscal 1965, does include the buildup in Vietnam?

Mr. WILLIAMS of Delaware. Oh, yes.

Mr. PASTORE. Of course it does; and that has been much more expensive.

Will the Senator further agree that because of these decisions as to nonrecurring items we made this last fiscal year, and because of the lack of them next year, it behooves the Congress to be very careful in appropriating money that is not essential?

Mr. WILLIAMS of Delaware. The Senator is correct. That is the basis of my argument here today.

Mr. PASTORE. I am happy that the Senator is making this dissertation, but I would hope he would not do it in the tone and spirit of criticizing the administration. I fear that was his purpose.

Mr. WILLIAMS of Delaware. I am merely stating the facts. If the facts are a reflection on the administration, so be it.

I think Congress should understand these figures, because after fiscal 1967 there will be no further nonrecurring income from these sources.

On the seigniorage on coins the Treasury Department has always claimed a small profit, amounting to \$150 million to \$200 million a year. But once they complete this major changeover from the quarters, half dollars, and dimes with the silver content to the present content of mostly copper the large windfall stops. Meanwhile it will result in a \$2.5 billion profit that will be spread over

The question is asked: Will there be a tax increase in 1967 or 1968? I do not think there is any doubt about the answer. There is going to be a tax increase in 1967, but the President is not going to ask for it until after the election. He knows now that we cannot continue the rate of spending under the Great Society unless there is an increase in taxes, but the administration does not have the courage to tell the American people the cost of these programs until after the election.

It is even rumored that they are going to drag out this session of Congress and then recess until after the elections so that we can come back after November and approve an increase in taxes. Even now soundings are being taken as to how fast Congress can act should the request be delayed until after January.

If it takes them a year to make up their minds and work up enough courage to ask for an increase in taxes as far as I am concerned they need not ask Congress to stampede it through without an explanation with regard to the spending plans.

As one member of the Committee on Finance I shall ask that they put first things first. The first duty of Congress and the administration, before they talk about increased taxes, is to cut spending. It is time that we go ahead and cut the spending rather than just talking about it when we get out on the political platform.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair.) The pending business is the amendment of the Senator from New York [Mr. JAVITS].

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be temporarily laid aside so that the Senator from Alaska [Mr. GRUENING] may offer his amendments.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Alaska [Mr. GRUENING] is recognized.

AMENDMENT NO. 685

Mr. GRUENING. Mr. President, I call up my amendment No. 675 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 4, line 23, before the quotation marks insert the following: "With respect to any dollars herein provided, the voting power of the United States shall be exercised for the purpose of disapproving any loan for any project, enterprise, or activity in any country during any period for which the President has suspended assistance to the government of such country because of any action taken on or after January 1, 1962, by the government of such country or any government agency or subdivision within such country as specified in paragraph (A), (B), or (C) of subsection (e) (1) of section

620 of the Foreign Assistance Act of 1961, as amended, and the failure of such country within a reasonable time to take appropriate steps to discharge its obligations or provide relief in accordance with the provisions of such subsection."

Mr. GRUENING. Mr. President, paragraphs (A), (B), and (C), of subsection (e) (1) of section 620(3) of the Foreign Assistance Act of 1961, as amended, direct the President to suspend assistance to the governments of those countries which have acted directly, or through subsidiaries, to nationalize, expropriate, or seize ownership of U.S. citizens' property, or have acted in other discriminatory ways, which would have a similar effect of taking control of such property.

The application of my amendment would cause the voting power of the United States in international lending organizations to be directed against requests by those countries to which the President has suspended U.S. assistance pursuant to the above-directed conditions.

I, therefore, submit the amendment. This is nothing more than an application of the Hickenlooper amendment to the lending agencies. We do not have complete control, but we do have a substantial voice. I believe it is entirely proper if we deny aid to countries which expropriate property of our nationals, the same should apply to lending agencies.

On the amendment I shall ask for the yeas and nays.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. McCARTHY. Did the Senator ask for the yeas and nays?

Mr. MANSFIELD. No, the Senator said he is going to.

Mr. McCARTHY. I think, as the temporary manager of the bill, that we can accept the amendment.

Mr. GRUENING. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 685) offered by the Senator from Alaska [Mr. GRUENING]. [Putting the question.]

The amendment was agreed to.

AMENDMENT NO. 684

Mr. GRUENING. Mr. President, I call up my amendment No. 684, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 3, after line 24 insert the following:

"(c) Section 201(e), which relates to the making of loans from the Development Loan Fund, is amended to read as follows:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds, including foreign currencies or credits owned by the United States, aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national

interest to use such funds pursuant to multi-lateral plans."

On page 4, line 1, strike out "(c)" and substitute "(d)".

On page 4, line 11, strike out "(d)" and substitute "(e)".

Mr. GRUENING. Mr. President, section 201(e) of the Foreign Assistance Act of 1961, as amended, has prohibited the commitment of development loan funds by the United States in any country unless an application is made with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner.

This requirement is one which any prudent lender would insist on to protect his investment and in practice has proven to be a sound requirement which makes those countries desirous of borrowing funds from the United States face up to their financial responsibilities at the time they submit a loan application. However, a major loophole exists in that section 201(e) applies only to loans made in dollars and does not apply to loans made in foreign currencies owned by the United States.

The United States has acquired very large holdings of foreign currencies in recent years through the sale of agricultural commodities overseas pursuant to the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480. These currencies are given or loaned to the same countries in which the agricultural sales were made to be used for military assistance and economic development. In 1965 over \$700 million in U.S.-owned foreign currencies were loaned to foreign countries for their economic development programs.

I believe it important that these foreign currency loans be made subject to the same requirements as dollar loans, insofar as the United States obtaining assurance that they will be used in an economically and technically sound manner. There is an all too prevalent attitude among the officials of the executive agencies that foreign currencies do not represent assets of real value to the United States, and I have noted instances in which these currencies are used in a manner which would never be contemplated for U.S. dollars.

The purpose of my amendment is to stop this practice and to require a change in attitude. U.S.-owned foreign currencies can be every bit as valuable as dollars if property managed and effectively utilized. Indeed they can go a long way in substituting for dollars and in favorably affecting our balance of payments.

Mr. McCARTHY. Mr. President, I oppose this particular amendment. In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such al-

location, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

This applies because they are funds. The law now carries almost the exact language which the Senator from Alaska seeks to change. His proposal has to do with foreign currencies on credits owned by the United States aggregating in excess of \$100,000. The foreign currency loans to which this amendment would apply are made from foreign currencies and generate almost entirely under Public Law 480 and not under this particular development loan program. It may be that the Senator would like to offer this amendment when we consider Public Law 480, but I respectfully suggest that it does not have any really significant application to this bill.

Mr. GRUENING. I do not know why not.

Mr. McCARTHY. It does not generate foreign currencies under the development loan program. It does under Public Law 480, which is another bill, to be considered at another time. I hope that the Senator would not press his amendment at this point in consideration of the bill.

Mr. GRUENING. I think it is important to have a record on this amendment. Therefore, Mr. President, I suggest the absence of a quorum, for the purpose of asking for the yeas and nays.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment No. 684 of the Senator from Alaska [Mr. GRUENING]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Connecticut [Mr. DODD], the Senator from Washington [Mr. MAGNUSON], and the Senator from Oklahoma [Mr. MONRONEY] are absent on official business.

I also announce that the Senator from Arkansas [Mr. McCLELLAN], the Senator from Florida [Mr. SMATHERS], the Senator from Alabama [Mr. SPARKMAN], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama

[Mr. SPARKMAN] and the Senator from Connecticut [Mr. DODD] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] is necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Kansas [Mr. PEARSON] and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

The result was announced—yeas 29, nays 61, as follows:

[No. 147 Leg.]

YEAS—29

Bartlett	Gore	Moss
Bayh	Griffin	Ribicoff
Bible	Gruening	Robertson
Brewster	Harris	Russell, S.C.
Byrd, Va.	Hart	Russell, Ga.
Byrd, W. Va.	Hartke	Symington
Cannon	Jordan, N.C.	Talmadge
Eastland	Long, La.	Thurmond
Ervin	Mondale	Tydings
Fong	Morse	

NAYS—61

Aiken	Hill	Mundt
Allott	Holland	Murphy
Anderson	Hruska	Muskie
Bennett	Inouye	Nelson
Boggs	Jackson	Neuberger
Burdick	Javits	Pastore
Carlson	Jordan, Idaho	Pell
Case	Kennedy, Mass.	Prouty
Church	Kennedy, N.Y.	Proxmire
Clark	Kuchel	Randolph
Cooper	Lausche	Saltonstall
Cotton	Long, Mo.	Simpson
Curtis	Mansfield	Smith
Dirksen	McCarthy	Stennis
Dominick	McGee	Tower
Douglas	McGovern	Williams, Del.
Ellender	McIntyre	Yarborough
Fannin	Metcalfe	Young, N. Dak.
Fulbright	Miller	Young, Ohio
Hayden	Montoya	
Hickenlooper	Morton	

NOT VOTING—10

Bass	Monroney	Sparkman
Dodd	Pearson	Williams, N.J.
Magnuson	Scott	
McClellan	Smathers	

So Mr. GRUENING's amendment (No. 684) was rejected.

AMENDMENT NO. 672

Mr. TOWER. Mr. President, I call up my amendment No. 672, and ask that it be stated.

Mr. JAVITS. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I ask unanimous consent that the amendment of which I am the sponsor may be temporarily laid aside, and that the Senate proceed to the consideration of the amendment to be proposed by the Senator from Texas [Mr. TOWER], and when that amendment is disposed of, that my amendment may again become the pending business.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. TOWER. I thank my distinguished friend, the Senator from New York.

Mr. GRUENING and Mr. YARBOROUGH addressed the Chair.

The PRESIDING OFFICER. The junior Senator from Texas has the floor.

The Senator's amendment will be stated.

The LEGISLATIVE CLERK. It is proposed by Mr. TOWER, at the end of the bill, to add a new section as follows:

SEC. 203. It is the sense of the Congress that, in view of recent changes in the Government of Indonesia, the Secretary of Agriculture should take such steps as may be necessary to encourage and facilitate the export to Indonesia of agricultural commodities produced in the United States, under the Commodity Credit Corporation export credit sales program authorized by title IV of the Agricultural Trade Development and Assistance Act of 1954, as amended.

Mr. TOWER. Mr. President, I shall be very brief.

The purpose of my amendment is to stimulate the sale of agricultural commodities to Indonesia. It is well known that in the past I have opposed any kind of help or aid to Indonesia under the Sukarno government; but in view of the internal political change in Indonesia, I think we should proceed as rapidly as possible to establish normal economic and political relations with that country. Considering the fact that we are searching for export markets for our cotton, and considering the fact that the Indonesian textile mills very much want our cotton, I think this would be a very constructive piece of legislation to pass.

I am aware, however, that this is properly a matter to be handled by the Committee on Agriculture and Forestry, and that this amendment is primarily addressed to Public Law 480. I therefore yield to the distinguished Senator from Louisiana [Mr. ELLENDER] for any comment he may wish to make.

Mr. ELLENDER. Mr. President, the Committee on Agriculture and Forestry is now considering the food-for-freedom bill. We will take cognizance of this amendment since what the Senator is trying to do in his amendment is properly within the purview of our committee. The amendment clearly amends the so-called food-for-freedom program, or Public Law 480 as it is commonly known.

I assure the Senator that, before the food-for-freedom bill is reported, consideration will be given to the amendment of the Senator. If the Committee on Agriculture disagrees with the views of the Senator from Texas, he will then have an opportunity to offer his amendment to the food-for-freedom bill when it is presented to the Senate.

Mr. TOWER. Mr. President, I thank the Senator from Louisiana for that assurance.

Mr. FULBRIGHT. Mr. President, I wish to make a short comment on this matter. Yesterday the junior Senator from Illinois introduced an amendment which was agreed to, banning the granting of aid to Indonesia.

There is already in the law section 620(j) which generally prohibits aid to Indonesia unless the President determines it to be in the national interest.

I want to note that the Communists were suppressed in Indonesia only after U.S. aid was halted. I think that we should be very careful about reinstituting aid to that country, because none of us want to revive the Communist influence in Indonesia.

Mr. TOWER. Mr. President, I point out that this provision would come within the purview of Public Law 480, and it therefore would not be subject to the proscription noted by my distinguished friend, the Senator from Arkansas.

When a government determines that it will be friendly to the United States and its allies, or when a government has successfully thwarted a Communist takeover, I think we should do everything we can to strengthen that government and to establish normal relations with the government.

I hope that my amendment will be agreed to in the food-for-freedom bill.

I again express my thanks to the distinguished Senator from Louisiana and withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. Mr. President, do I understand correctly that the Senate will revert to the Javits amendment at 3 o'clock?

The PRESIDING OFFICER. The Senate will consider the amendment immediately.

Mr. ELLENDER. Mr. President, I have an amendment that I would like to offer. I doubt that we could conclude action on my amendment before 3 o'clock unless my good friend, the Senator from Arkansas, will accept the amendment. It is very mild amendment, and I have discussed it with him.

Mr. FULBRIGHT. Mr. President, I think it is the kind of amendment that we ought to vote on. I do not think that we ought to accept an amendment of that character without a vote.

Mr. ELLENDER. Mr. President, I ask unanimous consent that my amendment be held at the desk and be considered after the disposition of the Javits amendment that is now pending.

Mr. JAVITS. Mr. President, reserving the right to object, the senior Senator from Oregon is going to move to amend my amendment.

Mr. ELLENDER. I ask unanimous consent that my amendment be held at the desk until the disposition of the Javits amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, so much time has elapsed since we began to consider my amendment, that I feel it necessary to restate very briefly the premises upon which the amendment is based. I shall do this rather quickly and then the senior Senator from Oregon may proceed.

Mr. President, the amendment which I have proposed is designed to prevent the granting of assistance to any member country of the Organization of American States—that means the Western Hemisphere, other than Canada, for all practical purposes—which is controlled by a government which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government—or a so-called de facto

takeover—generally by military means, as our experience has shown.

The amendment provides that we shall end assistance, military or economic, to such a de facto regime if, in consultation with the member countries of the Organization of American States, and in accordance with applicable resolutions and agreements of the OAS, the President finds that such government does not intend to take the necessary steps, within a reasonable time, to restore constitutional government, to hold free elections, and to apply human and civil liberties. The cutoff shall not take place if (1) the President is satisfied that it is essential to the national interest that we should proceed to aid such a de facto government and reports such determination and his reasons therefor to the Senate Committee on Foreign Relations and to the Speaker of the House or (2) the President is satisfied that such government intends to take appropriate steps to restore constitutional government, within a reasonable time.

Mr. President, the amendment as I have offered it, rather than the printed copy which is on the desk of Senators, is both prospective and retrospective in its application. Insofar as its retrospective application is concerned, it would for all practical purposes apply only to Argentina. The only two active military regimes at present are in Bolivia and Argentina, and Bolivia will shortly hold an election. Therefore, they would fall within the exception, or at least would be certified by the President and fall within the exception to the amendment.

The amendment would therefore apply retrospectively only to Argentina. I pointed out previously that the military regime in Argentina has given no promises or assurances as to what they will do. It has made only a most general statement of what it intends to do. It has eliminated the Congress, the political parties, and the Supreme Court of Argentina.

I made it clear that I was not attacking the Argentine regime. The President may feel that it is wise to give aid to that regime, and he may so certify to Congress with his reasons. However, he should at least be put to the proof.

I pointed out the tremendous instability created in Latin America by the constant concern over these military takeovers. Everybody is looking over his shoulder. The people do not know whether the army will let them have a duly constituted government or not.

The same situation existed in Argentina when I was there within the last 3½ months. It was common knowledge at that time that at any time the military wanted to pull the plug on the government they would do so. When I was there, an Argentine general issued a statement that he was not going to take over the government that particular Wednesday, so rife were the rumors and so unstable was the situation.

Congress ought to strike a blow for self-government and freedom and democratic institutions by giving notice that we are not going to leave it only to the executive to decide, without Congress

having an opportunity to declare itself on the subject of when he will not only recognize the government but also continue to give it aid.

Recognition is in the hands of the President, but the aid is a matter over which we legislate.

For those reasons, I offered the amendment as I did. I believe that it will have a very salutary effect on two things. It will involve the prospects for self-government and democratic government in the Americas. Second, in my judgment—and equally important—it will be noted that my amendment ties in with the necessity for consultation among the Organization of American States in respect of any new de facto government.

This is a new thing and is occasioned by the fact that the Organization of American States adopted last November at Rio a resolution calling for just such a procedure on the recognition of de facto governments.

If we follow it, as we would be doing if the proposed amendment were adopted, I believe it would be such an element of strength to the Organization of American States as to be worthy of adoption on that ground alone.

I point to the fact that Resolution No. 26 of the November 30, 1965, meeting at Rio carries out this design of the Organization of American States, which is followed in my proposed amendment.

For all these reasons, Mr. President, I urge that the Senate approve the proposed amendment.

I yield the floor.

Mr. MORSE. Mr. President, I hope the Senate will agree with me that the amendment offered by the Senator from New York [Mr. JAVITS] should be modified.

The Senator from New York and I have had a common objective in regard to this subject for the past several years. But in my judgment, the amendment offered by the Senator from New York, relating to assistance in Latin America, is good as far as it goes, but it does not go far enough.

In 1963, I attempted to accomplish very much the same thing. In 1963, I offered an amendment that provided for suspending financial assistance to any government in Latin America that had come to power by overthrowing a prior-elected constitutional government.

Upon the same supposition as the one now made by the Senator from New York, I modified the amendment to give the President the same loophole that the Senator from New York proposes today to give to him, to act upon his own to resume assistance 30 days after notifying Congress of his intention.

The supposition was that that loophole would gain support for the amendment, and I was even given to believe that the amendment would be acceptable to the State Department. But that was a purely fraudulent supposition, as I find so often is the case with respect to so-called formal understandings reached with the State Department. The State Department opposed my amendment in other quarters, with the result that it threw its influence against my amendment, by its

legislative lobbyists, who are sitting in the gallery as I now speak. That is one reason why not the best of cooperative relationships exists between the Committee on Foreign Relations and the State Department on a good many matters.

This watered-down version did not receive even the vote of the Senator from New York [Mr. JAVITS]. It received 11 votes on a yea-and-nay vote. The State Department did a good job of lobbying that year.

My conclusion was that it was a waste of time to offer such ineffectual language in the hope or expectation that it would at least furnish an indication of congressional attitude on an area of concern.

If we are to exercise our constitutional checks—we owe it to the American people to exercise them—we cannot leave a loophole by which a President can ignore an expression of viewpoint on the part of Congress. That is all that would be done by the language in the proposed amendment. That is why I have sadly come to the conclusion that the so-called Presidential escape clause has the effect, in most instances, of defeating the very purpose and objective that Congress has in mind when it seeks to express its view in the field of foreign policy, as would be done by the amendment proposed by the Senator from New York.

I agree with the point of view. I disagree with the procedure set forth in the amendment of the Senator from New York.

My amendment of 1963 at least had the virtue of giving Congress 30 days in which to act to ban the renewal of assistance. There was that much of a congressional check. The amendment now proposed by the Senator from New York does not provide even for that.

What a pity that the Senate did not see fit to adopt this language in 1963. It could have served as a warning, both to Presidents of the United States and to potential military adventurers in Latin America, that the Senate took a dim view of coups against elected, constitutional governments, and a dimmer view of supporting them with American money.

What a pity that the Senate in 1963 saw fit to judge this issue on the basis of the man who occupied the White House at the moment, and not on the basis of the duty of Congress to establish standards for the administration of foreign aid.

I point out to Senators that the problem before us in connection with the amendment is not the recognition of a foreign power. That is the prerogative of the White House. But it is not the prerogative of the White House, without congressional approval, to pledge the money of American taxpayers to another government. We should give that approval on the basis of the facts existing at the time the President seeks to grant the aid.

What is being sought here is that we tell the President: "We have strong doubts about whether or not you should support a military junta that has come into power by overthrowing a constitutional government. We don't want you to do it. We don't think you should do

it. But, of course, if you decide that it is in the national interest that it should be done, then go ahead."

So we simply transfer to the President what is obviously a legislative responsibility to analyze the facts, case by case, and decide whether we want to adopt a recommendation by the President to grant aid to a military dictatorship that has overthrown a constitutional government. That is the plea of the Senator from Oregon.

There is no reason in the world, after a military junta has overthrown a constitutional government, why the President should be given discretionary power to invest the taxpayers' money to the tune of a good many million dollars, in most instances, in that kind of dictatorship, without the approval of Congress. All I am asking is that Congress grant its approval.

I know all the old line arguments that there is a question of time; that getting approval takes time. But how long does it take for the President to get a message before Congress, setting forth his reasons why aid should be granted to a military junta that has overthrown a constitutional government? If his report is a good report and establishes a sound case, it will not take much time for Congress to adopt a concurrent resolution, as my amendment provides, authorizing such a grant.

I know that when one talks about constitutional theory in the Senate, particularly when the pressure is on to have a bill disposed of, there are those who wish that that amount of time would not be taken for such discussion. I shall continue to point out, perhaps on the basis of the educational principle that sometimes much repetition is needed to get a lesson across, so often as I have it presented to me in the Senate, any proposal that seeks to give to the President what amounts, in fact, to unchecked power.

The Senator from New York [Mr. JAVITS] and I have worked shoulder to shoulder on so many issues that I now find myself in the unhappy position of not agreeing with him on a particular issue; but I say most respectfully that I do not believe our difference is really a difference of objective, but is more a difference concerning the procedure that ought to be followed by Congress in a determination of the exercise of a legislative check.

So I shall continue to plead that we stop developing in this country, more and more of a government by executive supremacy. I shall continue to try to warn the Senate and the people of my country that we must check the executive branch of the government. I do not care who sits in the White House. This has nothing to do with the personality in the White House. This is an abstract principle of American constitutionalism; yet all the freedoms and all the liberties of the American people depend upon the implementation of the check-and-balance system of our Government, a system which our constitutional fathers gave to us as a great governmental legacy for maintaining a system of three coordinate,

coequal branches of government, each branch checking the other.

Therefore, as far as this abstract principle of constitutionalism is concerned, the senior Senator from New York takes the position again, as I have time and time again during my 21 years in the Senate, of saying: Stop, look, and listen before you give this unchecked power to a President.

If the Senate this afternoon thinks that the situation is serious enough so that we should warn the President to go slow whenever he is dealing with a junta that has overthrown a constitutional government, then all the more reason for saying to the President: "If you think that there are reasons for providing the aid, you tell us those reasons and we will decide whether or not we agree with you."

But under the Javits amendment we do not have that right. Under the Javits amendment we forgo it. Under the Javits amendment we delegate it. Under the Javits amendment, as I have said so many times, we again advocate what I consider to be the clear, constitutional responsibility of the Congress to check a President in the exercise of arbitrary discretion.

But you say that a President will not exercise arbitrary discretion, and you cannot be more wrong. The pages of American history are filled with example after example when Presidents have engaged in arbitrary and capricious discretion.

The Senate knows and the country knows that I feel that that is one of the great problems confronting us in connection with the war in Vietnam. We have permitted the President to exercise arbitrary discretion, and, in my judgment, shocking, capricious discretion at that. You simply cannot continue this trend. If more and more discretionary power is granted to him by the Congress, this fine principle of checks and balances disappears.

I am pleading this afternoon that we add my amendment to the Senator's proposal to require that the President be required to send to the Congress a report setting forth his reasons why aid should be given to a military junta or a coup group that has overthrown a constitutional government, and then Congress considers his reasons and passes a concurrent resolution approving of the aid, if it decides that the President is right.

I think it will be discovered in many cases that he was wrong. In fact, if we had the procedure that the senior Senator from Oregon is arguing for, some aid we have given in Latin American countries in recent years never would have been given.

As chairman of the Subcommittee on Latin American Affairs, it was most unfortunate that it was given, for it has greatly increased our problems in Latin America in some of the instances I shall mention before I finish my speech.

No, Mr. President, I think that now is the time for the Senate to go on record in an amendment that carries out what the Senator from New York [Mr. JAVITS] has in mind, as far as his major purpose and objective are concerned, but re-

quires that the Congress place its stamp of approval upon the recommendation.

Since 1963, the flurry of coups, which had begun that year, has continued apace. The resumption of assistance to such juntas as the Reid-Cabral junta in the Dominican Republic, the Peralta junta in Guatemala, and that in Honduras encouraged the fashion to spread to the continent of South America.

I have talked to a great many Latin American leaders. I talk to many of the outstanding democratic Latin American leaders each year. I am in frequent communication with them. Our democratic friends in Latin America are greatly concerned about the foreign policy of the United States, vis-a-vis Latin America, when a coup takes place. They just take it for granted that after a polite waiting period the United States will recognize them and then proceed to pour millions of dollars by way of aid into that country.

When we do, we are letting down our democratic friends in Latin America, and we are playing into the hands of the Communists in Latin America.

In fact, this policy of the United States in Latin America in my opinion, must be charged with the responsibility of aiding and abetting the Communists in a good many Latin American countries. When we help build up juntas and help supply aid to juntas, we play into the hands of the Communist propaganda which, points out to the people, whose rights are going to be trampled under foot by these military dictators: "See what the policy of the United States is. It talks a good game about freedom but when the chips of freedom are down in Latin America time and time again it does not support freedom."

I shall summarize quickly in connection with this case because it is so applicable. The President on December 10, 1963, had under consideration the recognition of a military junta in the Dominican Republic, because there was threatening a new coup and this coup was to overthrow the civilian commission that had been set up to administer the government as a facade for the military junta. My good friend the majority leader, the Senator from Montana [Mr. MANSFIELD] was at the White House when the incident I now describe took place. There had been called in by the President a group of Senators for advise, after we had been briefed by the Under Secretary of State, who was the Acting Secretary of State that day because the Secretary of State was out of the country.

We were told that the policy level of the State Department was unanimous in favor of recognizing this military junta. I happened to be the lone dissenter at the meeting in the cabinet room. That is not a new role for the senior Senator from Oregon. But, Mr. President, I am always willing to be judged by the decisions which I make on the basis of subsequent events.

I take the position that had my position prevailed that day a good deal of the trouble that the President had to go through in the Dominican Republic subsequently never would have developed, because when he agreed to follow the advice which he got to recognize that junta

in the Dominican Republic, in my judgment, he paved the way for what history will record as a series of costly mistakes which the United States made in the Dominican Republic.

It was on that occasion that I said to the President:

"You should call in your democratic friends in Latin America and get their advice. You should call in the President of Chile. You should call in the old President of Colombia and the new President. You should call in the former President of Venezuela, Betancourt, and the new President. You should call in the old President of Costa Rica and the new President. You should call in the president of Peru, Terry, former Governor Marin of Puerto Rico, and the President of Mexico."

If he had done that, Mr. President, the advice would have been unanimous against the proposal the State Department is making for recognition of the military junta. The President, in a conversation which he had with me in his office subsequent to the meeting, expressed some serious doubt as to whether or not he was wrong.

But, under the circumstances, he probably would have to go along, and would go along with the advice of the State Department. That was on a Tuesday. On the following Saturday, he recognized the military junta in the Dominican Republic.

It was at the meeting in the Cabinet room that for the first time I said that when the chips of freedom are down in Latin America, too frequently the United States walks out on freedom.

That has been our record. We have supported dictatorships in Latin America such as Batista of Cuba and Castro of Cuba. Do not forget that we recognized Castro of Cuba and proceeded to support him. For some time, the one person in the Senate who opposed Castro was the senior Senator from Oregon. I stood on the floor of the Senate at that time and tried to warn the Senate and the Government that it was making a great mistake in the support it was giving to Castro. I said at that time that what we were doing was merely changing our support from a Fascist dictator to a Communist dictator—at least a dictator who was following the Communist line because, then, there was doubt as to whether he was a Communist—but his procedures were Communist.

The Senate went along then, too. The Senate should have exercised its checks against the administration then, as it should exercise its checks against the administration today.

Mr. President, it was then that I stressed that we have got to stop walking out on freedom in Latin America when the chips are down. We have got to stop supporting military dictatorships in Latin America. We have got to stop adopting the rationalization that just because some other countries recognize a dictatorship, we should join the crowd. I do not care how many countries recognize a dictatorship. I do not propose to let them determine what is sound American foreign policy.

No President should object to it. Give me any reason why a President should

object to have a recommendation for economic aid that does not fall within his constitutional prerogative. Recognition does. But not the granting of taxpayers' money to be spent by the millions of dollars in a country ruled by a dictatorship which has overthrown a democratic constitutional form of government.

Give me a reason why the President of the United States has any justification for not wanting to put his case before Congress.

Is he afraid of it?

Does he not trust his own case?

Does he not think that he can prove his case?

If he cannot prove his case, then he should not be given this extraordinary constitutional prerogative. He should be held to the facts of the case.

Oh, yes, it can be said, but the Senator from Oregon has gone along in past years with some resolutions and some legislation which have included Presidential escape clauses in them.

I have.

In fact—and I am quickly recalling now—I know that in 1956 the Senate adopted the Morse-Lehman resolution expressing the sense of the Senate that the executive branch should not give countries economic aid which discriminate against American citizens because of their religious faith, which applied at that time to American soldiers who were Jewish who were being denied the right to serve on American bases in Saudi Arabia. It also dealt with practices of Arab countries in their discrimination against American-Jewish citizens.

At that time, in Norway, although they quickly changed it, there was an example of discrimination against American Catholic priests. But even the raising of the problem in the Senate, I was advised later by some of my friends familiar with the situation in Norway, brought an end to discrimination there.

It can be said that I went along at that time with the Morse-Lehman resolution which included a Presidential escape clause.

I did.

It can also be said, going back through my record, that in 1949, in the Javits-Morse amendment to a policy section of the foreign aid bill dealing with the same general problem, we had a President's escape clause written into it.

That is true.

But, I have learned my lesson since. I have learned the lesson that it is simply a waste of effort, because those escape clauses have not, so far as I can see, ever had any effect on the White House. It has gone right along, in spite of so-called sense-of-the-Senate resolutions. In 1959, on the Javits-Morse amendment, they sent up a report telling why the President was proceeding with the aid, but they went ahead with the aid, anyway, and there was nothing we could do about it until the next aid bill.

Now the Senate has a new aid bill before it, and there is something it can do about it.

The Senate can adopt an amendment this afternoon which will place the responsibility squarely in the lap of Congress.

The military coup in Brazil was positively beamed on by Washington, not only by the Pentagon but by the State Department. The Ambassador, who is now Assistant Secretary of State for Inter-American Affairs, was a leading exponent of American financial support to the Castelo Branco military junta in Brazil.

Some of my colleagues in the Senate found it a little difficult to understand why I did not support his nomination, and voted against it—the only Senator on the Committee on Foreign Relations to do so. In my speech against his nomination on the floor of the Senate, I gave one of the controlling reasons, that, in my judgment, I did not feel that the American Ambassador to Brazil should be appointed Assistant Secretary of State for Inter-American Affairs in view of the well-known strong support he gave to those who had overthrown constitutionalism in Brazil.

The increasing financial assistance by the United States has been accompanied by increasingly dictatorial practices, by increasing disaffection for the junta in Brazil, and increasing evidence that the junta plans to remain in power no matter how heavy an iron fist it takes to maintain itself.

Congress must assume its responsibility for picking out of the pockets of the American taxpayers millions of dollars to feed into Brazil to support its junta and strengthen the threat of communism there.

Mr. President, many do not wish to face it now, but I am certain that it is only a matter of time when unless constitutional governments are established in the countries of Latin America, junta governments will be faced with bloody revolutions. The pages of history are replete with examples, that the people can be suppressed only so long and then, as inevitably as the sun rises in the morning, they will revolt.

With all the media of information now available to the masses of people in the trouble spots of the world, here we are following a shortsighted course of action as we support dictatorships and juntas anywhere in the world.

Those of my generation may not live so long as to see the fruition of the prediction I have just made, although we will see its fruition in the not too distant future in some spots of the world. But I am talking about worldwide revolt of the masses of people against tyranny, of the oppressed against the denial of human dignity and civil rights all around the globe.

I do not want to leave a legacy to American boys and girls who will follow me of making a record here which will lead to the finger of scorn being pointed at the United States as having to assume responsibility for giving support to military dictatorships and juntas that suppressed freedom in the countries where agitation is already on for freedom. The leaders of the freedom movements are not Communists. The leaders of the freedom movements do not want anything to do with communism.

We all know that whenever there is strife anywhere, whether it is abroad or

at home, the Communists will always try to move in to capitalize on the strife, to seek to agitate so they can falsely claim credit for any constructive development that might flow from the strife.

It may be said that the particular problem to which I am addressing myself this afternoon in connection with my amendment is not of such serious import as I say it is. It clearly is. My purpose is to prevent the development of executive, arbitrary, capricious suppression, and to put in the type of checks to prevent it. That is the purpose of the amendment.

The April 25 issue of the *New Leader* carries an article written in Rio de Janeiro entitled "Letter from Brazil." It is by William Lineberry, and after reviewing the activities of the Branco junta and the decision of the United States to promote the junta government to the No. 1 recipient in Latin America of U.S. aid, he states:

The result of all this is that inflation remains an unsolved problem, the economy continues to lag, reforms have been sabotaged in some cases and slow to start in others, and the political course has been away from rather than toward the restoration of popular democracy. Perhaps the one solid accomplishment of the regime has been thoroughly to debunk the notion that generals make good, progressive reformers.

True, two years is a short time in which to coax an economy as vast as Brazil's back from the brink of ruin. But it has been ample time for the regime to show its colors.

Meanwhile, conditions in the poverty-stricken, rural Northeast of Brazil continue to fester. One U.S. official recently returned to Rio from two years in that area reports privately that, if anything, conditions are worse than in the past. SUDENE, the much touted Northeast Development Superintendency, is said to be almost wholly ineffective in its work—a bagunça, as the Brazilians say, meaning an impossible bureaucratic mess. This is the same Northeast which a few years back was the subject of much sensational attention in the U.S. press for its grinding poverty and its Communist-influenced peasant leagues. The grinding poverty is still there, but the troublemakers are in prison or exiled—hardly cause for rejoicing in the "new stability."

I ask unanimous consent that this article be printed in its entirety at the close of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, Guatemala is another example of the futility of the American "aid the dictators" policy in Latin America. It is interesting that during the Eisenhower administration we befriended the dictators in Latin America, and when that policy proved disastrous we thought it desirable to abandon it. But now, we not only befriend them, we hasten to bestow millions of dollars of American financial and military support upon them.

An article written from Guatemala City before the recent election appeared in the *Los Angeles Times* on March 13. After describing the details of the election campaign, the correspondent, George Nathanson, concluded:

Many observers here believe the anti-Communist campaign has helped rather than harmed the Communists, first by crediting

them with powers they do not have, and secondly by giving communism publicity it could never have otherwise received.

Politics in Guatemala appears to be bent more on instilling fear in the people than on encouraging hope. All parties, including the government, are contributing to electoral confusion.

The way is seemingly being paved for a small band of ragged, ignorant Communist guerrillas whose only strength lies in the growing hopelessness here to reap rewards of sympathy and hope from an apathetic and disillusioned people.

That is the pattern that is followed in Latin America when we aid juntas and military dictatorships and walk out on the rights of the people who are seeking to improve their lot. It is no way to help people who want freedom by, in effect, reinforcing communism when we support an aid program which makes it possible for the dictators to levy an even heavier hand on the people in denying them their precious rights of human dignity.

This was 3 years after we resumed bountiful American aid to a military junta on the ground that it would be more efficient in reforming the Guatemalan economy and society than the elected government had been.

"Growing hopelessness," and "an apathetic and disillusioned people"—those are the results of the roughly \$15 million a year in aid we had been extending to the Peralta junta in Guatemala.

I ask unanimous consent to have two articles concerning Guatemala printed at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MORSE. Mr. President, it is scarcely to be wondered at that, after this performance by the United States of supporting dictator after dictator in Latin America on the flimsy excuse that some alleged Communist influence would prevail if the military did not kill off democracy before the Communists could do it, the generals in Argentina concluded that military governments were welcomed in the United States for their own sake.

There was no particular, known threat of communism in Argentina. But the concept of military rule has become a good in itself to those who once advocated it as an anti-Communist measure. Now the militarists do not even wait for the Communists to appear on the scene before they begin to see advantages in government by generals and admirals.

The *New York Times* has quoted one official of the new Argentine junta as stating that the generals believed the official opposition to a coup from our Embassy to be "just window dressing." How right they were. The day before we extended recognition to the coup government, the *Times* reported:

"We thought the Pentagon favored a grand anti-Communist alliance between the military governments of Brazil and Argentina," a Government House aide said.

I ask unanimous consent that this entire clipping from the *Times* of July 14, 1966, be printed at the close of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. MORSE. Surely Brazil, Argentina, the Dominican Republic, Honduras, Guatemala, Ecuador, and El Salvador, all of which have succumbed to military juntas in recent years, are evidence enough that whatever our military aid missions are advising the local military, they are encouraging and not discouraging the seizure of power by military cliques.

It was what the Pentagon was considered to favor in South America that prevailed in Argentina, and it will continue to prevail so long as the State Department goes along with Pentagon thinking.

As I have been heard to say so many times, the evidence continues to increase that American foreign policy is determined, in a large measure, by the military policies of the Pentagon. And let me say, when a foreign policy becomes militarily oriented, I advise the American people, "Watch out for your freedom. For you can have military control under democratic slogans and democratic labels. You can have a military leading you into war, outside of the Constitution, without a declaration of war."

That is why, already, over 4,000 American boys have died in South Vietnam, because the Pentagon has been running American foreign policy in Asia.

Mr. President, we are talking, again, I say this afternoon, about some basic abstract concepts in principles of constitutionalism. We have before us an obligation to check the executive branch of the Government by imposing upon it the duty of coming before Congress and justifying any recommendation for the support of a junta that has overthrown a constitutional government.

I agree with the Senator from New York that the Senate should give support to the views of the Latin American governments assembled recently in Rio. But we should give it support and not just lipservice. It is only lipservice to say we will suspend aid to a government that overthrows a constitutional government, but on the other hand if the President decides to give aid anyway, that is all right, too.

If Congress is going to support this basic principle of the Alliance for Progress, then let us support it, and not further weaken it with meaningless verbiage that will not be taken seriously either by the administration or by the generals and admirals of Latin America.

Mr. President, as chairman of the Subcommittee on Latin American Affairs, in my conversations with great democratic leaders in Latin America, do you know what they told me? Why, it is just then taken for granted that after there has been a coup, a certain number of U.S. Senators and Representatives will stand on the floors of Congress and deplore it, and issue some constituent-attention statements.

We make nice talks about it, and then, when we have an opportunity to vote and check, we vote just the opposite. That is why I have been heard to say so many times, "Never pay any attention to any-

thing a politician says, I do not care who he is, including the senior Senator from Oregon, unless what he says can be squared with his voting record."

The sad thing is that too frequently, in the development of American foreign policy, the votes of U.S. Senators cannot be squared with their speeches in or outside of the Senate.

Mr. President, I think that the crisis in American foreign policy has become so serious that the American people need to wake up to the failure on the part of their Congress to carry out its checking responsibilities. And the American people ought to make clear to Congress that they expect it to exercise its checking responsibilities when appropriate legislation comes before it.

In my judgment, this is such a case this afternoon. It is not one of the great major issues in the aid bill, but it is a very important issue in the aid bill.

The amendment I am offering is an amendment to the amendment proposed by the distinguished senior Senator from New York [Mr. JAVITS].

The principal weakness of the Javits amendment is that its loophole is too big. The Javits amendment would prohibit economic assistance to unconstitutional Latin American governments—

Unless (1) the President finds that the prohibition against furnishing such assistance is contrary to the national security interest of the United States, or (2) the President is satisfied that [such] government . . . has agreed to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties . . .

This exception is so broad as to make the amendment virtually meaningless.

All I say is that if the President thinks they are going to take appropriate steps within a reasonable time for the restoration of constitutional government, for the holding of elections, and for the application of human and civil rights and liberties, let him send our committees a report that proves it, and then let that report go to Congress. The report will go first to the Foreign Relations Committees of the two houses, and they will make their recommendations to Congress, as to whether or not they believe the facts warrant the contentions of the President.

My amendment to the Javits amendment provides a loophole but one which is very much smaller and which, furthermore, is guarded by the Congress.

I would require the President to send to Congress his recommendations. I know the tendency of so many in Congress to rubberstamp a President and go along with him if he asks for something. But I always have hope, Mr. President, and I think we have a right to assume, that Members of Congress will vote upon the merits of an issue. And so I do not think that I weaken my amendment in any way in providing for this report from the President, but in fact I strengthen my amendment, though some may call it a loophole.

Then, after that report is made, upon a finding by the President that the action

proposed is in the national interest, my amendment would require that the matter come to the floors of Congress, and Congress be given an opportunity to vote on a concurrent resolution in support of the aid.

Thus, under my proposed amendment, if a coup d'etat took place in Latin America, and if subsequently it appeared to be in the national interest of the United States to aid the country involved, the President would submit such a report, together with his reasons, to the two committees of Congress, which in turn would report to their parent bodies. If he made a good case, the committees in Congress could approve the proposal quickly, and send a proposed resolution to the floors of the Senate and of the House. If he did not make a good case, then Congress would have the additional check of a report from the committees of the Senate and the House, setting forth what was wrong with the President's alleged findings of fact.

That is the check and balance system. That is what we mean by it. And it is for that reason that it was written in the Constitution in the first place, as a great political heritage for the American people, to protect this system of three coordinate and coequal branches of government.

There are several other points, some of them technical, about my proposal which I wish to mention.

The Javits amendment, in referring to assistance "under this act," limits itself to economic aid. I suppose the Senator from New York can say, and with merit, that he does that because we have only the economic aid bill before us. It is too bad that we have only the economic aid bill before us. It is too bad that we have two bills on aid this year, instead of the combined bill for economic and military aid. But in my judgment, the same check should also be imposed in connection with military aid—exactly the same check.

There is no reason in the world why the President should be allowed to grant military aid to a military junta without its being checked by Congress through the approval of a concurrent resolution.

In this connection, attention should be called to sections 638 and 639 of the Foreign Assistance Act which provide that no provision of the act shall be construed to prohibit assistance pursuant to the Peace Corps Act, the Mutual Educational and Cultural Exchange Act, or the Export-Import Bank Act, or assistance for famine or disaster relief.

My amendment contains a sentence that—

No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

It is important to have that safeguard in view of the very broad waiver authority the President is given in section 614 of the act.

In present circumstances, the amendment would prohibit assistance only to Argentina, where assistance has already been suspended by executive action—but where, absent this amendment, it might also be reinstituted by executive action.

I want to make it very clear that the amendment would apply to Argentina. The situation at present is that he would have to send his report to the committee, the committee would make its report to Congress, and Congress would, by way of concurrent resolution, decide whether it wanted to give the President this power. That would apply to Argentina as well as to any other country.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. JAVITS. Mr. President, there is no difference between us on that point. I have provided against the granting of aid to Argentina in my amendment.

Mr. MORSE. I have attempted to list all the points on which we agree. This is simply a persuasive argument to put us in complete agreement on the adoption of the Morse amendment.

Mr. JAVITS. I thank the Senator.

Mr. MORSE. Mr. President, as of today, Bolivia would also come under the terms of the amendment, but an elected President is to take office in Bolivia August 6 and the amendment would then no longer apply.

Ecuador has an unconstitutional government, but it did not come to power through the overthrow of "a prior government which had been chosen in free and democratic elections." Thus the amendment would not apply to the present government of Ecuador, nor to governments which might come to power in Cuba and Haiti through the overthrow of the existing governments of those countries.

The case of Brazil is admittedly ambiguous. It is arguable whether Goulart jumped or was pushed from power in 1964. In any event, once the presidential office was vacant, the constitution was meticulously followed in providing for the succession. Further, Brazilian elections are scheduled for this fall, though it is difficult to see how they can be very democratic in view of the fact that a new President will be elected by a lame-duck Congress.

In any event, U.S. policy toward Brazil seems badly in need of review in the light of Brazilian political trends, and this amendment would require such a review in both the executive and legislative branches.

EXHIBIT 1

LETTER FROM BRAZIL

(By William Lineberry)

RIO DE JANEIRO.—Two years have now passed since the Brazilian military jumped into the political arena by replacing Leftist President João Goulart with Marshal Humberto Castello Branco. According to the original "revolutionary" times table, Brazil was to return to democratic civilian rule at about this time—its economy healed and its political system purged of corrupt and subversive elements. But the generals have found that getting into the Brazilian political arena is a lot easier than getting out, and in effect have extended their "revolutionary mandate" until March 1971, when the term of the new President, to be named by Congress this October, expires. Presumably, it will take that long to revive Brazil's tattered economy and to establish a political framework immune to the menace of Leftist demagoguery.

These have been a rough two years for the Army, which prides itself on its professionalism, its adherence to legality and its apolitical tradition. Not only has its economic recovery program met with considerable resistance, but its political policies have opened serious fissures within the ranks of the military establishment itself. And since the Army must give final approval of the President chosen in the indirect election next October, the ugly spectacle of generals running against one another has become the likely eventuality.

The so-called "hard line" faction of field commanders is pushing the already announced candidacy of War Minister Artur Costa e Silva, to the obvious consternation of President Castello Branco, who represents the so-called "Sorbonne School" of military intellectuals and made the mistake of declaring himself ineligible to serve again in the top office. Two other generals have also entered the race, Amauri Kruehl and Oswaldo Cordeiro Farias. Meanwhile, a sizable faction of lower ranking officers is said to be grumbling in favor of a "return to the barracks" where they belong.

In marked contrast to the usual loathing accorded politicians in Brazil, the Army has long enjoyed the respect and admiration of civilian opinion. It builds the bridges, maintains the roads and offers a modicum of law and order in the vast frontier regions, as wild and woolly as the U.S. West in its own era of cavalry versus Indians. Unlike many self-serving Latin American "gorillas," moreover, Brazilian military men have a tradition of serving constitutional governments rather than themselves. A colonel earns about \$200 a month, and even generals are financially embarrassed by tours of duty in high-priced cities like Rio.

In the past, the military has intervened in politics only to insure the preservation of legality and constitutionalism. It toppled the Vargas dictatorship in 1945, demanded Vargas' resignation in 1954 (after he had been popularly elected), assured the installation of President Juscelino Kubitschek in 1955, and demanded in 1961 that Goulart's powers remain within the limits set by the Constitution. But on each of these occasions the Army was careful to withdraw in favor of civilian rule as quickly as it had intervened.

In April 1964, saddled with the chaos unleashed by Goulart, it decided to stay on and straighten things out once and for all. This is perhaps the biggest mistake it could have made, for after being ground up in the Rube Goldberg machinery of Brazilian politics, it will be lucky to emerge with even a tattered shred of its old respectability intact—and it may well find itself shorn of the unity it sought to preserve by intervening against Goulart in the first place.

When Castello Branco assumed the Presidency two years ago he was promptly hailed by Washington as a new, progressive, reform-minded and professional variety of military strongman, wholly removed from the self-serving *caudillo* type of old. Here, according to the State Department, was a prime example of the patriots and responsible new military class emerging in Latin America—a class dedicated to national economic development and the protection of democratic institutions from extremists of the Right and Left. Trained in the U.S. or under U.S. advisors in their own countries, possessed of middle-class values, untainted by corruption—these men have been singled out by U.S. officials like Ambassador-at-Large W. Averell Harriman as cornerstone of future Latin American stability.

And, indeed, the Marshal remains the very antithesis of that peculiar blend of charisma and brute force which constitutes the successful *caudillo's* image. He is a humble, pensive man given to self-deprecating jokes about his squat, undistinguished appear-

ance. (Even now the Marshal's image on the screen evokes titters of laughter among Rio moviegoers.) He reads widely in several languages and is undoubtedly one of the most distinguished graduates of Brazil's Superior War College (the so-called Sorbonne School), where the nation's complex economic, social and political problems are subject to as thorough an analysis as problems of military command.

During the twilight hours of Goulart's rule it was Castello Branco who, torn between fealty to the Constitution and disgust with the mounting chaos and leftward drift in evidence around him, finally came down on the side of those pressing for a military revolution, carrying a number of fence-sitting generals along with him. When he took office as President in April 1964, it was with the pledge that Brazil would soon return to popular democratic rule and stable economic growth. These goals were to be realized by a series of drastic reforms which would halt spiralling inflation, curb runaway spending by corrupt bureaucrats, tax the rich into a sense of responsibility for the country's future development, and assuage the multitudinous poor with programs of better education, housing and land reform. In fact, the Marshal was proposing to do in moderation much of what the wild-eyed Goulart had been threatening to do in excess.

Professionals themselves, the new soldier-statesmen called upon other professionals, such as economist Roberto Campos, to man the ramparts of reform. In came U.S. and International Monetary Fund experts to advise on monetary and fiscal policies. Out went the old and discredited politicians in an extensive purge. At the same time, the revolutionary government ended official anti-Americanism and opened the door to close and cordial relations with Washington. The welcome mat went out to foreign investors and the regime let it be known that the Alliance for Progress, ignored by Goulart, was now considered a bulwark of hemispheric solidarity.

For its part, Washington could not have been more pleased. It had become a cliché of U.S. opinion that if reforms were not soon carried out in Brazil by responsible elements, they would most certainly be carried out—and in the most painful manner—by irresponsible ones. As a token of U.S. esteem for the new government, the State Department promptly promoted Brazil to the rank of number one aid recipient in Latin America, and U.S. technicians began to help draft the great changes that were to be made.

Certainly, Brazil had been crying out for change. During Goulart's last months in office, inflation had been running at the rate of 144 per cent a year and economic growth had ground to a virtual halt. Even now some 60 per cent of the country's rapidly expanding population of 85 million people is illiterate, the bulk living a hand-to-mouth existence outside the money economy altogether. Although three-fifths of all Brazilians make their living in agriculture, 75 per cent of the land is concentrated in the hands of 8 per cent of the population, while the nation's rural conditions are as squalid as any in the Hemisphere. And the luxury-loving upper classes, alarmed themselves by the structural inequities and social ferment around them, have been shipping their capital to New York and Switzerland, where it can do capital-hungry Brazil no good whatsoever.

The revolutionary government's reform program, however, was shot through with contradictions from the start. It sought to halt inflation through rigidly enforced austerity while pledging costly improvements in education, housing and land tenure. It promised to uphold democracy while threatening, and sometimes imprisoning, entrenched and powerful elements in Brazilian society and proposing drastic changes harm-

ful to their interests. It tossed out Goulart, who had preached radical reform, while keeping in office the Congress which had so successfully blocked Goulart's program. (It still sits.) It talked of a new deal for Brazil's poor, but put political police in charge of their labor unions, banned strikes, and put the squeeze on wages in the name of fighting inflation. It also has allied itself with some of the most conservative elements in Brazilian politics.

Last October, when Castello Branco decreed the abolition of Brazil's 13 old political parties, those politicians who had not been purged by military tribunals were ordered to group themselves into the two new parties created by government fiat—the government-backed ARENA (National Renovation Alliance) and the MDB (Brazilian Democratic Movement), representing the loyal opposition. Curiously, Castello Branco chose to build the new ARENA around a hard core of politicians belonging to the old UDN (National Democratic Union), which had been one of the three strongest parties under the old system.

This was curious because the UDN had been the party of conservative and traditional interests in Brazil—the party of Right-winging Carlos Lacerda, for example, the dynamic ex-governor of Guanabara state—and it seemed strange that a “revolutionary” government committed to “drastic reforms” would purposefully ally itself with such unenthusiastic instruments. But the generals were also in revolt against the twin evils of Communism and corruption, each of which they saw embodied in the two other dominant parties of the old system—the Brazilian Labor party of Goulart (PTB) and the Social Democratic party of ex-President Juscelino Kubitschek (PSD). Hence ARENA, which was after all to be the majority party, had little place else to turn except to the UDN.

The UDN, of course, was delighted. It had never won the fruits of Brazil's patronage-rich Presidency in a popular contest, and now it foresaw not only obtaining these delectables by riding khaki coattails but stifling all this wild talk about reforms.

The result of all this is that inflation remains an unsolved problem, the economy continues to lag, reforms have been sabotaged in some cases and slow to start in others, and the political course has been away from rather than toward the restoration of popular democracy. Perhaps the one solid accomplishment of the regime has been thoroughly to debunk the notion that generals make good, progressive reformers.

True, two years is a short time in which to coax an economy as vast as Brazil's back from the brink of ruin. But it has been ample time for the regime to show its colors. The battle against inflation, which continues to occupy so much of the government's energies, is indicative. Wage rises have lagged behind price rises by government design, and the working classes have borne the brunt of official austerity measures. General wage levels are set by official action, but in the name of “free enterprise” the government has sought to hold down prices through “voluntary” schemes.

Time and again Planning Minister Roberto Campos has issued optimistic statements to the effect that the inflation problem has very nearly been resolved, and time and again the upward swirl of prices has belied his optimism. Retail prices rose 45 per cent in 1965 by one authority's count, 65 per cent by another's. According to government plans, prices for the entire year 1966 were to rise no more than 10 per cent, but in January alone they jumped 5.1 per cent, against a 4.8 per cent rise during January 1965. Quite naturally, Brazilians are asking what all their sacrifices have been for.

In mid-February an opposition deputy rose in the Brazilian Congress to recite some fig-

ures compiled by the Getulio Vargas Foundation (Brazil's most reliable data gathering organization). Until 1963, the Foundation reported, the consumption of meat in Brazil was 250 grams (a little over half a pound) per capita a week, while between 1964–65 this average fell to 180 grams. Milk consumption in the same periods fell from one soup-spoon to one teaspoon per person a day. Bread descended from 100 grams a day to 80 grams and eggs from two to one a day per person.

The people have literally been paying with emptier bellies for the regime's stabilization efforts. But since most of the old labor leaders, who were allied with Goulart, have been jailed, exiled or removed from office, and since union activities are now under the control of political police, effective channels of worker protest have been silenced. A recent strike of dock workers over wages, for example, was broken up by government troops.

The situation might be understandable if the social reforms pledged by the Castello Branco government were being carried through as promised. But except in the fields of banking and taxation, where far-reaching reforms have been initiated if not wholly implemented (the rich are actually being threatened with imprisonment for income-tax evasion, though no one is yet known to have spent a night in jail for it) there is distressing evidence of the old political run-around—the gap between promise and performance—which has made talk of reform in this country the special province of demagogues in years past.

In the case of land reform, for example, the government has effectively overseen the emasculation of its own program. Under the direction of Campos, the professional, the land reform bill was designed to tax potentially productive but unused lands on large estates at progressively higher rates, the aim being confiscation and redistribution to the landless poor. The key to the bill's enforcement was a section transferring taxing powers from the hands of state and municipal authorities, where they had traditionally rested, to the hands of Federal authorities, where they would be effective. The transfer was deemed essential because in states where land reform really counts, local taxing authorities tend to be in the pockets of the big landowners.

In the name of “states' rights,” however, Castello Branco's conservative allies in the UDN objected strenuously, and while Campos was out of the country the tax-transfer provision was quietly removed from the bill. Not quietly enough, though, because members of the old PSD and PTB in Congress caught wind of what was going on and gleefully voted the original taxing scheme back in before passing the bill. A slightly embarrassed Castello Branco then issued a decree “temporarily” returning the taxing powers to state and municipal authorities “for administrative reasons.” And there they rest.

Meanwhile, conditions in the poverty-stricken, rural Northeast of Brazil continue to fester. One U.S. official recently returned to Rio from two years in that area reports privately that, if anything, conditions are worse than in the past. SUDENE, the much touted Northeast Development Superintendency, is said to be almost wholly ineffective in its work—a *bagunça*, as the Brazilians say, meaning an impossible bureaucratic mess. This is the same Northeast which a few years back was the subject of much sensational attention in the U.S. press for its grinding poverty and its Communist-influenced peasant leagues. The grinding poverty is still there, but the troublemakers are in prison or exiled—hardly cause for rejoicing in the “new stability.”

Since the policies of the revolutionary government have made eating difficult and vot-

ing in popular elections next to impossible, and since Brazilians are fond of doing both, it is safe to say that the Castello Branco regime has failed to arouse any notable enthusiasm among the people. Accordingly, the Marshall himself has taken to posing as a sort of modern-dress Coriolanus, refusing to pander to the popular will while studiously rigging the nation's political system to insure that the popular will cannot be expressed.

In a series of three so-called “Institutional Acts,” the government has armed itself with dictatorial powers, crushing several of the old political parties, providing for the indirect election of the President and state governors, and in other ways overriding the Constitution to assure the continuation of revolutionary rule, at least through the next Presidential term ending in March 1971.

According to the new schedule, state governors will be elected by their respective legislatures on September 3 of this year (somewhat of an irony, since state legislatures have been recently criticized by the regime for being infested with corruption); the President of the Republic will be elected by Congress on October 3; and direct popular elections will be held for Federal senators and deputies and state deputies on November 15.

The prospect, of course, is for a divided government, since the old Congress is bound to appoint a President loyal to the revolution (*i.e.*, agreeable to the military), while the people are expected to vote in a new Congress overwhelmingly in the opposition. But the regime has many cards to play and does not appear overly concerned about the prospect. Under the Institutional Acts its powers to purge “subversives” and “corrupt elements” are vast. Very early in the revolution Congress was picked clean of such undesirables, and the process is now going forward at the state legislature level. Military “boards of inquiry” are still in operation throughout the country, and thus far about 500 Brazilians (including all three living ex-Presidents) have had their political rights suspended for 10 years while some 3,600 others have been purged from Federal or state office.

It is likely, then, that the range of candidates open to popular approval will fall within bounds considered “decent” by the authorities. And the power to purge will continue even after the new Congress is installed—a sword of Damocles over obstructionists. Finally, there is nothing to prevent the current government from issuing a Fourth Institutional Act tossing out congressional elections or even abolishing Congress itself altogether.

About the only thing that can seriously disrupt the government's program is a falling out within the military itself, a matter widely talked about in Rio, along with rumors of another *golpe*, but discretely played down, thus far, by military top brass. Should hard-living, hard-lining General Artur Costa e Silva patch his differences with Castello Branco and gain the ARENA nomination for president, he is expected to assure the Armed Forces better pay, the people a relaxation of current austerity measures, and the “corrupt and subversive elements,” whom the hard-liners have been out to get much rougher treatment than they have received from Castello Branco in the past.

The War Minister has been much quoted for his famed response to a senator who congratulated him on his political strength: “I am not strong, Senator, but my party is” (meaning the Army). But there seems to have been more bravado than substance to this remark. Castello Branco and the Sorbonne School are said to distrust him on the grounds of economic ignorance, impulsiveness and general immoderation (the general likes to bet on the ponies and is the type of fun-loving Latin who wears dark glasses into the shadiest night spots).

In fact, the President is said to have told his War Minister that he will not have Arena's nomination unless he pledges to keep Campos and agrees to a scheme for unifying the Army, Navy and Air Force under a single ministry of defense. General Costa e Silva has so far been unwilling to promise these things. But never mind. The next President may well be none other than Humberto Castello Branco himself, who, when the time is ripe, is expected by some to renounce his previous renunciation of another term and patriotically heed the call to continued national service.

Whichever general finally wins, it seems clear that somewhere along the line the progressive, reform-minded new military class got lost in the political shuffle. For this reason it seemed strange for retiring U.S. Ambassador to Brazil Lincoln Gordon (now Assistant Secretary of State for Inter-American Affairs) to heap praise upon the Castello Branco government before the Senate Foreign Relations Committee earlier this year and declare, "I think they have made tremendous headway." In so saying, he perpetuated a myth that was badly tarnished from the start. For professionally trained, life-long soldiers make poor saviors of democracy, particularly from an internal threat, in any society. And as social revolutionaries in Brazil they obviously have a long way to go.

EXHIBIT 2

TWENTY-EIGHT IN GUATEMALA REPORTED SLAIN BY POLICE IN PERALTA'S REGIME

GUATEMALA, July 17.—Twenty-eight Guatemalan students and leftists, missing since their arrest in February and March, were shot by firing squads of the head of the former military government, Col. Enrique Peralta Azurdia, two former police agents told the University Students Association last night.

Among the victims, the association was told, were the former Communist party leader, Victor Manuel Gutierrez; the former farm labor leader, Leonardo Castillo Flores, and Fernando Arce Behrens, a law student on vacation from the University of Mexico.

The former police agents, whose identity was withheld, said the three men were tortured in the police headquarters in the capital, then driven to a military base near Pacific coast and shot. Their bodies were sewn into burlap sacks and dropped into the ocean from an army transport plane, according to the informants.

The former policemen also told the association, which has been conducting an investigation of missing-persons cases since March, that "many others" besides the 28 people known to be missing were also killed by the police.

WOMAN REPORTED SLAIN

Those killed were said to include Kris Yon Cerna, the niece of the guerrilla leader, Marco Antonio Yon Sosa, and Eunice Campiran de Aguilar Mora, wife of a Mexican student David Aguilar Mora, who disappeared after his capture in Guatemala last December. She had come to Guatemala to search for her husband. Both young women were said to have been beaten to death with clubs and buried in shallow graves near the Zacapa military base.

The former police agents told the student association's investigators that most of the police killings had been ordered by Alberto Barrios, who was chief of the judicial police under the former military regime. He is believed to be outside Guatemala.

In another development, the guerrilla organization Rebel Armed Forces declared war anew against the Guatemalan army despite the advent of a civilian Government under President Julio César Méndez Montenegro, who was inaugurated July 1. In a statement issued last night and signed by the rebels' 24-year-old commander, Luis

Turcios, and their political adviser, Bernardo Alvarado Monzon, the leftist guerrillas set their policy toward the new Government.

The statement said that "despite the popular extraction of the new regime, the army retains most of the effective power." "The Guatemalan Army is still the same reactionary tool of native plutocracy and foreign companies and therefore must be fought to the bitter end," it added.

The statement, while avoiding any direct challenge to President Méndez, said in effect that the guerrillas were not going to fold their tents and go home. But, there has been no significant guerrilla action since the new Government was inaugurated.

To many, the rebels' statement reflected their apparent dilemma with respect to the new Government. Their criticism of the Peralta regime as unconstitutional and rightist cannot be used against President Méndez, who won election against the Peralta forces.

But the guerrillas apparently feel that their movement remains necessary and will die if it becomes inactive. Hence their attack specifically on the army, not the civilian Government.

GUATEMALA ELECTIONS SOLVED NO PROBLEMS (By George Natanson)

GUATEMALA CITY.—The Guatemalan presidential elections held here last Sunday have settled none of the political, social and economic problems endemic to this country.

If anything, the situation here has worsened.

Under the military regime which has governed Guatemala for the last three years there has been some semblance of political stability—even if it was maintained through repression and the iron fist. But accusations of electoral fraud from all three participating parties and irresponsible threats of violence emanating from the country's political leaders, military and civil alike, have obviously brought Guatemala to the brink of chaos.

NO OFFICIAL RESULTS

Still, no official results have been announced. Instead, the three contesting parties, including the official party, have lashed out at each other, threatened to take their partisans to the streets, and have claimed victory for themselves while declaring they will recognize no results other than their own.

Added to the muddle is the jumble of the radically conflicting returns which each party has released. This has led to a student declaration made Friday morning that if the issue is not settled by Tuesday night, university students here will declare a strike and take to the streets. These developments clearly raise the possibility of a disastrous civil war.

At best the Guatemalan people can expect little from the party that eventually wins control of the country. This includes the military party which might manage to remain in power.

A study of the platforms of all three contesting parties in last Sunday's race leads to the conclusion that none has an ideological base. All make vague promises of urgently needed social and economic reforms, but pledge that the old order of Guatemala's government structure will undergo no change.

No matter which faction eventually takes power, Guatemala's leadership will remain essentially unchanged.

Even leaders of the so-called mildly leftist Revolutionary Party (PR) blanch at the mention of agrarian reforms, probably the most pressing issue which confronts this country's new government.

"In this respect we are ultra-conservative," said Gregorio Prem, member of the Revolutionary Party and one of the few can-

didates for Congress whose victory is believed assured.

In an interview with *The Times*, Prem declared: "With the PR in power, we will not touch any privately held lands (it is estimated that more than 75% of Guatemala's arable and accessible land is owned by 27 families. Instead, we will open vast land tracts owned by the government and encourage migration."

While the plan has practical merit it calls for large outlays of money, believed to be beyond Guatemala's financial capabilities. Prem made no suggestion that the PR had any detailed plan for financing its agrarian program. Like many other members of his party, Prem is among Guatemala's largest landowners.

ISSUE DODGED

When control of the Guatemalan armed forces was broached, Prem said with an uneasy laugh, "I don't think the party wants to get involved in that issue. It's too hot."

Their program appears to have been written to allay the fears of the country's businessmen rather than to strike at the heart of the social and economic problems which beset the nation. But however mild the platform might be, the two remaining parties go further to the right with conservative principles of tight credit, strick inflationary controls, wage ceilings, a free price market and tightly controlled labor.

Above all, both the official Institutional Democratic Party (PID) and the National Liberation Movement (MLN) have a campaign of anti-communism; both PID and MLN accuse the PR of Communist leanings. It is generally agreed among diplomatic observers here that Communist elements in Guatemala are few in number and totally lacking in popular support. It is believed that even if a popular uprising were to occur here as post-election confusion becomes more chaotic, the Communists could do little more than contribute to the general chaos.

Many observers here believe the anti-Communist campaign has helped rather than harmed the Communists, first by crediting them with powers they do not have, and secondly by giving communism publicity it could never have otherwise received.

Politics in Guatemala appears to be bent more on instilling fear in the people than on encouraging hope. All parties, including the government, are contributing to electoral confusion.

The way is seemingly being paved for a small band of ragged, ignorant Communist guerrillas whose only strength lies in the growing hopelessness here to reap rewards of sympathy and hope from an apathetic and disillusioned people.

Mr. MORSE. Mr. President, for the reasons I have enumerated, I send to the desk an amendment to the amendment of the senior Senator from New York and urge its adoption.

The PRESIDING OFFICER. The amendment will be stated. The assistant legislative clerk read as follows:

Beginning with "(1)" strike out all through the period, and insert in lieu thereof the following: "(1) the President has determined that such government intends to take such appropriate steps or that the furnishing of such assistance is essential to the national interest of the United States, and reports such determination and his reasons therefore to the Congress, and (2) the Congress shall have adopted a concurrent resolution approving the furnishing of assistance to such government. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

Mr. FULBRIGHT. Mr. President, I hope that we may get a vote on both the amendment offered by the senior Senator from Oregon and the amendment offered by the senior Senator from New York.

We have a little history on this matter. In 1963 we agreed to a very similar amendment to the amendment of the senior Senator from New York. We took that amendment to conference and the House would not agree to it. I think it is a good amendment.

In my view, the amendment of the senior Senator from Oregon really closes up any loophole as if there were a flat prohibition, because at any time the President wished to get an exemption, he could come up and ask for new authority. That is what, in effect, the amendment of the senior Senator from Oregon requires.

We have had these recent coups, and it seems logical to me that, if we are going to do anything at all, we ought to agree to the amendment of the senior Senator from Oregon.

I agree that an expression of opinion deploring this situation may be of some value. We have done that sort of thing before. We have had many speeches on the floor of the Senate on the subject. I am willing to vote now and I shall vote for the amendment of the senior Senator from Oregon.

Mr. MORSE. Mr. President, with the consent of the majority leader, I shall do whatever I can to get a rollcall vote on my amendment. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I should like very briefly to address myself to the amendment of the senior Senator from Oregon. He sneaks up on my weak side as it were, because he makes a really magnificent argument, a much better argument than mine for the amendment which I have proposed. However, I must say that I am disquieted by the certainly very understandable buttoning up of the fact that the President shall not do this without the consent of Congress. However, for practical purposes it seems to me that this is tightening down these rivets too much.

With the greatest regret, because I like the senior Senator from Oregon, and I would much prefer to be with him than not, I feel that the amendment as I have offered it offers us the best opportunity.

There is a minor loophole in the amendment of the Senator from Oregon [Mr. MORSE] which I am sure can be buttoned up in conference, but it presents a little question.

In the amendment of the Senator from Oregon, no account is taken of the time Congress might be out of session. It might be a number of months. There would be no way for a 30-day notice period to receive congressional reaction. As I say, that is a technical thing. We have met it in other legislation.

In addition, if the amendment of the Senator from Oregon should carry, he perhaps would have to write in language which would deal with the question of extended debate, as was done, for example,

in the reorganization act, which also contains a 30-day limitation on the adoption of a nonconcurring resolution, so that the nonconcurrence could not be blocked by extended debate.

As I say, those are procedural matters. I call them to the attention of the Senator from Oregon because they are not included within the concept of the amendment as he has submitted it.

Mr. MORSE. First, may I say that I believe there is very little danger that Congress would ever be out of session long enough to create any problem—at least in our time.

In the second instance, I wish to say that I believe the matter is of sufficient importance to justify a reconvening of Congress, because we are dealing with something fundamental, and I believe the people should have their elected representatives come back here and exercise their check.

In regard to the second matter, I have no doubt that the Senate, if it were dealing with a matter of foreign policy, would have no difficulty in seeing that the matter got to a vote on its merits. I do not believe anything about that is needed in the legislation.

Mr. JAVITS. Mr. President, I am not quarreling too violently with the Senator from Oregon on those scores, but I should like to get to the merits.

On the merits, this is what disquiets me. All these foreign matters are very delicate; and where a military junta takes over, the representations it may or may not make to the nation could pose an extremely delicate question. We are dealing with delicate questions all the time. We are dealing with one right now, when we are talking about Argentina. But it seems to me that not having adopted an amendment of this kind before, and coupling it with the fact that this would be the first time it would be done, I believe that the temper of Congress is such that we are likely to make it stick this time, and that it would not fall away in conference as it has done before.

Coupled with the fact that there is a resolution of the Organization of American States which calls for a considerable amount of consultation by the President with the other American States in order to come to a decision of this character, and that my amendment would permit the President to make those consultations, I had felt that a fair compromise was being made between our feelings about these military juntas, if we vote for the amendment; and the fact that in a particularly exacerbated situation, when a military junta has taken over, and the President has certified and we are ready to vote, we should not mount, as we undoubtedly would, a full scale debate here upon what would very likely be the internal affairs of another country. At least, we should try it out that way. This legislation has not been on the books before, this has not been the case before.

In the first instance, therefore, I deeply believe that we should approach it with a little modesty, rather than going all the way, which is what the Senator

from Oregon would have us do, and do the three things which my amendment would do: give notice that we are against aid to military juntas unless they are going to come back at an early time to constitutional government; require the President to carry through on the resolution of the Organization of American States for consultation, which the amendment does very effectively as it stands; and put the President to his proof.

My amendment not only calls for a report to Congress, but also for the President's reasons. I believe that when we are dealing with a President of the United States, this is not a weak position but a rather strong position. I believe we should not go all the way, which is what the amendment of the Senator from Oregon would require, to require a new approval by Congress under those circumstances.

For those reasons, Mr. President, I hope that my amendment will be approved. I am ready to vote now. The debate seems to be over.

A new resolution of the Organization of American States is on the books, and there is a new consultative relation between the United States and the American States on this very delicate subject of dealing with de facto regimes, such as exist in Latin America. I hope that under the circumstances, as the situation is new in these two respects, both as to the OAS and as to our policy in the law, we would not go the whole way as yet.

I shall show a proper respect for the prerogatives of the Presidency and a proper respect for the prerogatives of Congress. If the Senator from Oregon wins, I shall be very anxious to have the amendment approved as he has caused it to be amended. I am giving the Senate my best and honest judgment.

I believe it is a fair compromise, as it stands, between attempting to preserve as far as we can the position of the President in these matters and giving Congress a point of entry into a situation which has given us great dissatisfaction.

For those reasons, Mr. President, I hope that the amendment will be left unamended, and that the Senate in due course may be able to carry it as it is.

Mr. GRUENING. Mr. President, I would be very happy to support the amendment of the Senator from New York, provided that it is amended and thereby strengthened, as Senator MORSE proposes.

Our experience in the Senate has been extensive in the field of having this type escape clause not merely in this proposed legislation of Senator JAVITS, but also repeatedly other legislation in previous sessions of the Congress. Again and again, Congress has passed bills which state that such and such shall not be done unless it is found by the President to be in the public interest. Without any additional report or explanation to Congress we find that some unseen man in some bureau downtown acting in the name of the President has declared that it is in the national interest, and so the escape clause nullifies the expressed purpose of the Congress.

I believe that the time has come if indeed it is not overdue when Congress should reassert its duty to advise and consent in a field within which the Constitution gives it the right and the duty to act. We are not dealing here with the recognition of a regime. That clearly is a province of the executive. It is not wholly within the province of the Executive but of the Congress when it has to do with the appropriation of funds, which it is the duty of Congress to provide and to protect.

So I am hopeful that the amendment of the Senator from Oregon, which is an attempt to get realism into this picture, to assert for the first time in this debate the duty of Congress to pass on appropriations. With the Morse amendment the amendment of Senator Javits would have real meaning. I think that without it, the Javits amendment would be of little value and would merely be a pious expression of hope. I hope that the amendment of Senator Morse will be adopted, and we can then vote for a strengthened amendment of the Senator from New York.

Mr. MORSE. I wish to reply to the Senator from New York.

First, I wish to say that I do not see how his amendment can be described as a compromise amendment. The only thing it compromises, it seems to me, is Congress, and it seeks to delegate once more to the President a checking power that Congress itself should exercise. That is the only compromise I see.

What my amendment does is to simply say that we shall exercise our right to determine whether or not aid should be given to a military junta. The granting of aid is not the prerogative of the President of the United States. The prerogative of the President is to recognize the country. That is his executive prerogative. But the prerogative of granting aid is a congressional prerogative, and I do not propose to compromise that congressional right.

Considering the position of the President for a moment, I wish to say in reply to the Senator from New York that my amendment strengthens the hand of the President. If one really wishes to put the President in the strongest possible position in dealing with a country in Latin America, or anywhere else, that falls within the factual framework encompassed by the amendment, he should put the President in a position where the President would present to Congress a case that would deserve the support of Congress and would get the affirmative vote of Congress in support of the President, and the President would be greatly strengthened in his relationships with the country concerned.

What happens now, when Congress is not exercising its voting voice in this matter, is that a great deal of doubt is created in other countries—for example, in Latin America—that are opposed, may we say, to the new government of the junta country, who wonder what the situation would have been if Congress had had a chance to pass upon it.

It makes a lot of difference. If Congress backs up the President, these countries know that the President has the

backing of his Congress. It makes a lot of difference also in all of the diplomatic relations of the President with that country, for that country knows that it cannot flout a proposal of the President of the United States in the diplomatic field because it knows he has his Congress behind him. He has the vote of his Congress, which is quite contrary to the argument of my friend, the Senator from New York [Mr. JAVITS].

If the Senate wishes to strengthen the hand of the President, I believe that my amendment should be adopted.

Mr. KENNEDY of New York. Mr. President, I will support the Javits amendment regarding the cutting off of assistance to unconstitutional governments. I do so because it is an important expression of the feelings of the U.S. Senate that these coups are not favored by us.

I did not, however, support the Morse amendment which would have taken away all discretion in these matters from the President. As I have said, I did not agree with our Government's quick recognition of the Argentine junta. But I believe the President must retain flexibility in these matters.

Now, for example, we give aid to Argentina only for universities. Will it help democracy in Argentina to cut off aid to the university?

The building of democracy, and the discouragement of military dictatorships, are not such a simple matter; they will not be accomplished by a simple aid cutoff—which may, for example, only enhance the regime's patriotic standing, as I pointed out in my speech on Latin America.

I, therefore, favor the Javits version, which allows some discretion to the President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] and to the amendment of the Senator from New York [Mr. JAVITS].

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], and the Senator from Washington [Mr. MAGNUSON], are absent on official business.

I also announce that the Senator from Arkansas [Mr. McCLELLAN], the Senator from Florida [Mr. SMATHERS], the Senator from Alabama [Mr. SPARKMAN], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Nevada [Mr. CANNON] would each vote "nay."

Mr. KUCHEL. I announce that the Senators from Colorado [Mr. ALLOTT and Mr. DOMINICK], the Senator from New Jersey [Mr. CASE], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senators from Colorado [Mr. ALLOTT and Mr. DOMINICK], the Senator from Kansas [Mr. PEARSON], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

The result was announced—yeas 16, nays 71, as follows:

[No. 148 Leg.]

YEAS—16

Burdick	Hartke	Nelson
Church	Jordan, Idaho	Simpson
Clark	McCarthy	Tydings
Fulbright	McGovern	Young, Ohio
Gore	Morse	
Gruening	Murphy	

NAYS—71

Alken	Hayden	Moss
Anderson	Hickenlooper	Mundt
Bartlett	Hill	Muskie
Bayh	Holland	Neuberger
Bennett	Hruska	Pastore
Bible	Inouye	Pell
Boggs	Jackson	Prouty
Brewster	Javits	Proxmire
Byrd, Va.	Jordan, N.C.	Randolph
Byrd, W. Va.	Kennedy, Mass.	Ribicoff
Carlson	Kennedy, N.Y.	Robertson
Cooper	Kuchel	Russell, S.C.
Cotton	Lausche	Russell, Ga.
Curtis	Long, Mo.	Saltonstall
Dirksen	Long, La.	Smith
Douglas	Mansfield	Stennis
Eastland	McGee	Symington
Ellender	McIntyre	Talmadge
Ervin	Metcalfe	Thurmond
Fannin	Miller	Tower
Fong	Mondale	Williams, Del.
Griffin	Monroney	Yarborough
Harris	Montoya	Young, N. Dak.
Hart	Morton	

NOT VOTING—13

Allott	Dominick	Smathers
Bass	Magnuson	Sparkman
Cannon	McClellan	Williams, N.J.
Case	Pearson	
Dodd	Scott	

So the amendment of Mr. MORSE to the amendment of Mr. JAVITS was rejected.

Mr. JAVITS. Mr. President, I will take the time of the Senate for only 1 minute because it has just manifested its views after comprehensive debate. I have sought to lay the affirmative side of the amendment before the Senate. We heard no opposition during debate as to what is left of the amendment and therefore my disposition, unless other Senators feel differently about it, would be that this part of it be just left, if the Senate has decided as to the Morse amendment. My amendment could be decided by a voice vote. Therefore, I would deeply appreciate it if any Senators have disquiet about what is left of the amendment to speak on it, and then I shall ask for a voice vote and not take the time of the Senate to ask for a yeas-and-nay vote.

The PRESIDING OFFICER (Mr. TYDINGS in the chair.) The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

The amendment (No. 680) was agreed to.

Mr. JAVITS. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. DIRKSEN. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Under the unanimous-consent agreement entered previously, the pending question now is on the amendment of the Senator from Louisiana. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 14, line 23, strike out "\$700,000,000" and insert in lieu thereof "\$658,000,000".

FOREIGN AID AND THE NUMBER OF COUNTRIES
AMENDMENTS

Mr. McGEE. Mr. President, I should like to express my deep concern over two provisions in the foreign aid bill reported by the Foreign Relations Committee. These provisions limit the number of countries to which development loans and technical cooperation grants may be extended. The committee bill requires that development loans to more than 10 countries and technical cooperation grants to more than 40 countries can be made only if the President determines it is in the national interest and his action is approved by resolutions of both the Foreign Relations Committee of the Senate and the Committee on Foreign Affairs of the House of Representatives.

I believe there is considerable doubt as to the constitutionality of statutory provisions in the foreign affairs field which require formal consent by committees of Congress rather than the Congress as a whole.

More important, I believe that this requirement is unwise. It involves the Foreign Affairs and Foreign Relations committees in executive decisions which can best be made on the basis of a thorough country-by-country program analysis. The Foreign Affairs and Foreign Relations committees have neither the time nor all of the facts necessary to make such an analysis.

The committee amendments are also arbitrary and mechanistic. The substitute numbers for sound analysis and judgment. This is legislation by arithmetic.

The Senate has always prided itself on a mature reasoned approach to matters of foreign policy. We have given way to no one in our adherence to sensible, practical standards for the administration of our country's foreign affairs.

We should adhere to these standards and traditions today.

The committee action would lead to inefficient and wasteful use of funds. It will undoubtedly lead to delays in the processing of loans. The Senate has been critical of these delays. The committee amendment would only serve to aggravate these problems.

The committee action would result in split administration of the program. We would be saying that the President should decide on the first 10 countries to receive development loans while decisions as to any additional countries would be made by 2 committees of the Congress. The same is true of the decision on technical cooperation grants—the President has a free hand regarding the first 40, but after that the committees decide.

This is illogical and inconsistent. If we trust the President to decide on

whether U.S. interest is served by aiding the first 10 and first 40, involving the large bulk of funds, it makes no sense to say "we don't trust your judgment as to whether aid to additional countries is in the U.S. interest."

Congress should exercise review and oversight, but should not be in the business of making day-by-day decisions. That is not our role, as I have heard the distinguished chairman of the Foreign Relations Committee emphasize many times in the past.

No one disagrees with the aim of the Foreign Relations Committee that development lending should be concentrated in as few countries as possible. But the program is already highly concentrated; 95 percent of development loans are concentrated in 10 countries. Thus the committee amendment would limit the President's ability to act for the sake of 5 percentage points.

Development loans should be made to no country without carefully examining U.S. objectives in that country, the degree and nature of the country's needs, whether its needs can be met from other sources, and whether the country will make effective use of loan funds if they are made available to it. But to take the further step of declaring that development loans should not be extended to more than a stated number of countries in a given year would introduce a wholly arbitrary and mechanistic element into what should be an orderly process of examination and analysis. If the Congress wishes to cut out paid programs, it should examine each one on a country-by-country basis, and then decide. But it should not say to the President, "this number sounds good. You choose the countries we can drop."

To the extent that development loan funds are made available by the Congress, the President should be free to determine, in the light of U.S. interests, the countries in which those funds are to be used under the standards laid down by the Congress in the Foreign Assistance Act. In fiscal year 1965 the United States made development loans to 18 countries. We made such loans to 19 countries in fiscal year 1966. An immediate cutback to 10 countries in fiscal year 1967 would unduly limit the President's freedom of action in advancing U.S. interests under the Foreign Assistance Act.

Any such numerical restriction would, among other things, limit AID's capacity to carry out a policy which has the support of both the Congress and the executive branch. The United States has consistently refused to make development loans to a number of countries on the ground that their self-help performance did not justify such assistance. Implicit in this position has been the assumption that if their performance improved, they would become eligible for, and would receive, development loans. If a limitation were put on the number of countries to which we could make development loans, the United States would not be able to live up to our part of the bargain. The Senate amendment would therefore eliminate the leverage we now have to urge better performance of such countries.

The committee amendment is thus self-defeating, and would undercut a basic congressional policy.

The amendment would also seriously limit AID in another respect. As a matter of policy the World Bank will today not make loans for certain purposes, for example, to carry out health programs such as the eradication of malaria. In certain situations loans for such purposes are desirable. If AID were prohibited from making loans to more than a set number of countries—and if the World Bank or some other appropriate multilateral institution was not prepared to make loans for purposes such as these—the proposed amendment might well prevent the United States from doing so in a number of countries where such loans would serve an extremely useful purpose.

The proposed restriction on the number of countries to which technical cooperation grants may be extended would severely and unnecessarily limit the President's ability to use, under the standards laid down in the Foreign Assistance Act, an important instrument of U.S. foreign policy. The committee version places the President in a strait-jacket. Perhaps even more important, it would force a cut-back in small programs—mostly in Africa—which bring direct benefit to thousands of people and provide direct evidence of U.S. interest. We might save a few thousand dollars to be sure, but we would pay too high a price. Here again, let us remember we are dealing with people and their future. If we want to eliminate programs, we should get down to cases, and study each one.

The United States, through technical assistance activities, helps less developed countries acquire the skilled manpower and institutions essential to economic, social, and political progress. Technical assistance, largely carried out through private American institutions, provides skills in such fields as agricultural extension, malaria eradication, tax reform, education, and family planning. This is point IV—type aid. It gives the newly emerging and other less developed countries the kind of help that they need most. It is a relatively inexpensive way of advancing U.S. foreign policy objectives and at the same time giving concrete expression to American humanitarian concern.

An arbitrary limitation of 40 for the number of countries which can receive technical cooperation does not serve the interests of the United States. In fiscal year 1965 the United States gave such assistance to 52 countries in Africa and Asia. In fiscal year 1966 the figure dropped to 48 countries. In the presentation for fiscal year 1967 the executive branch has proposed to the Congress technical assistance programs for 47 countries. These programs are limited to those cases where the sound criteria of the Foreign Assistance Act will be met. But under the arbitrary and mechanistic numerical limit imposed by the committee, some 7 or more countries would be lopped off.

The President reports fully to the Congress each year on the proposed program for the coming year. He also re-

ports on past programs and accomplishments in great detail. I know of no program which receives so much scrutiny—from four committees of the Congress, the GAO, a variety of ad hoc groups, the press, and the executive branch.

There is no lack of information on what we are doing in each country. The presentation materials and reports are complete and informative. There is no lack of opportunity for us to exercise continuing oversight and reasonable legislative control.

And I have no doubt of the ability of members of the authorizing committees or the Congress to make their views known in case they object to an action of the executive branch.

Mr. President, before concluding, I should like to return to the committee provisions to mention a very serious aspect, the constitutional questions they raise.

The provisions require the President to obtain resolutions from the Foreign Relations and Foreign Affairs Committees authorizing loans or technical assistance to additional countries. In other words, if the Congress enacts these provisions, the Congress is saying to the President that he has the authority to grant assistance, but before he can exercise this authority he must obtain the approval of two committees of the Congress.

In my judgment, the Constitution of the United States does not permit this kind of arrangement.

The authority to extend foreign assistance must be viewed as an exercise of either, one, executive powers; or two, legislative powers. If viewed as executive, the provisions in the committee bill violate the principle of separation of powers embodied in the Constitution by attempting to give the Members of the legislative branch—in this case committees of Congress—the right to participate in the execution of the laws. If the authority is viewed as legislative, the provisions are an attempt to shortcut the constitutional process of legislation. The Constitution does not permit committees of Congress to enact legislation on behalf of or in lieu of the whole Congress.

Both Congress and the executive must be continually alert in their defense of the constitutional principle of separation of powers and the constitutional procedure for legislating.

Throughout our history Presidents

have rejected legislation which they felt were unconstitutional. President Eisenhower did so.

More recently, in the case of Pacific Northwest Disaster Relief Act in 1965, President Johnson did so. That act required that no appropriation for certain reconstruction projects be made which was not approved by the House and Senate Committees on Public Works. In his veto message the President explained that the provision "seriously violates the spirit of the division of powers between the legislative and executive branches." "It is not only,"

He continued:

An undesirable and improper encroachment by the Congress and its committees into the area of executive responsibilities—it also leads to inefficient administration. The executive branch is given, by the Constitution, the responsibility to implement all laws—a specific and exclusive responsibility which cannot properly be shared with a committee of Congress. (S. Doc. 34, 89th Cong., 1st Sess., 1965.)

In spite of the fact that most Presidents have taken a strong stand when attempts were made to shortcut the legislative process and when the separation of powers principle was at stake, there are statutes on the books with provisions similar to those in the committee bill now under consideration. These existing provisions are now cited by proponents of the provisions contained in the Foreign Relations Committee bill.

But the statutes cited raise the same constitutional problems as do the provisions before us. The fact that they are on the statute books does not resolve the constitutional issues. In my opinion, they were constitutionally objectionable at the time they were enacted and the passage of time has not served to give them a gloss of constitutionality.

Mr. President, an examination of the facts shows that we have ventured into dangerous territory. The committee provisions raise major constitutional questions.

But they do more. They establish arbitrary, mechanistic standards which force administration of the foreign aid program into a straitjacket. The result will be waste, delay and inefficient use of funds.

Even more, the provisions would limit the President's freedom to move quickly and effectively in support of vital U.S. interests.

If the Congress wishes to hobble U.S. foreign policy or cripple the U.S. aid pro-

gram, it should say so directly and act directly.

I strongly urge that we do not.

I believe that the Congress should support efficient administration of the foreign aid program, maintain Presidential effectiveness, and avoid a venture into unconstitutional legislation by rejecting the restrictions in the committee bill relating to development loan and technical assistance funds.

Mr. FULBRIGHT. Mr. President, I have received a letter from the Deputy Administrator of AID clarifying certain aspects of the debate on this pending bill yesterday. It was stated at that time that AID had reported certain grants as loans. I think the letter will clear the record on this point.

I ask unanimous consent that this letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL
DEVELOPMENT,
Washington, D.C., July 21, 1966.

HON. J. WILLIAM FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Yesterday during the foreign aid debate a statement was made on the floor of the Senate indicating that A.I.D. had misled the Congress by reporting as loans over \$10 billion of assistance which was in fact given as grants. This statement by Senator DIRKSEN (p. 15714 of the CONGRESSIONAL RECORD) was repeated later in the debate by Senator DOMINICK (p. 15756 of the CONGRESSIONAL RECORD). I think it important that the record be clear on this matter.

A.I.D. has correctly reported loan and grant assistance to the Congress.

Apparently, there has been some confusion over certain figures in a report entitled "U.S. Overseas Loans and Grants" prepared by A.I.D. for the House Foreign Affairs Committee. A sample page from this report is enclosed. Included in this report is the amount of assistance under "Other U.S. Economic Programs" (indicated by a double asterisk on the enclosed sample sheet). Because of space limitations this item was not broken down by loan and grant component in the report. However, the loan and grant components of "Other U.S. Economic Programs" are included directly in the totals for economic loans and grants (these totals are indicated by triple asterisks on the enclosed sample sheet). The figures reported by A.I.D., therefore, have accurately reflected the amounts of loan and grant assistance.

Sincerely yours,

WILLIAM S. GAUD,
Deputy Administrator.

Greece

[U.S. fiscal years. In millions of dollars]

Program	U.S. overseas loans and grants, net obligations and loan authorizations											Repay- ments and in- terest, 1946-65	Total (less re- payments and in- terest)	
	Postwar relief period, 1946-48	Marshall plan period, 1949-52	Mutual Security Act period					Foreign Assistance Act period						Total, 1946-65
			1953-57	1958	1959	1960	1961	1962	1963	1964	1965			
AID and predecessor agencies, total.....		706.7	188.0	27.7	20.7	56.6	20.4	30.3	31.5	7.8	-9.9	1,079.7	17.4	1,062.3
Loans.....			35.0	12.0		31.0		10.0	31.6	7.7	-9.9	117.4	17.4	100.0
Grants.....		706.7	153.0	15.7	20.7	25.6	20.4	20.3	-1	.1	(1)	962.3		962.3
Social Progress Trust Fund.....														

Footnotes at end of table.

Greece—Continued

[U.S. fiscal years. In millions of dollars]

Program	U.S. overseas loans and grants, net obligations and loan authorizations											Repay- ments and in- terest, 1946-65	Total (less re- payments and in- terest)	
	Postwar relief period, 1946-48	Marshall plan period, 1949-52	Mutual Security Act period					Foreign Assistance Act period						Total, 1946-65
			1953-57	1958	1959	1960	1961	1962	1963	1964	1965			
Food for peace, total.....		0.5	85.6	33.4	11.6	10.8	20.8	15.1	14.6	18.0	25.1	235.3	12.2	223.1
Title I—(Total sales agreements).....	(.....)	(.....)	(46.0)	(18.8)	(.....)	(5.8)	(15.1)	(9.6)	(11.2)	(16.0)	(6.7)	(129.1)	(.....)	(129.1)
Less (planned for U.S. uses).....	(.....)	(.....)	(12.1)	(6.0)	(.....)	(2.2)	(5.5)	(3.3)	(4.7)	(6.7)	(2.8)	(43.5)	(.....)	(43.5)
Title I—Planned for loans and grants.....			33.9	12.8		3.6	9.7	6.2	6.5	9.3	3.9	85.7	12.2	73.5
104c—Grants for common defense.....									5.0	5.0		10.0		10.0
104e—Grants for economic develop- ment.....			7.3									7.3		7.3
104e—Loans to private industry.....				2.9		.9	2.3	1.4	1.5	2.1	.9	12.0	3.5	8.5
104g—Loans to governments.....			26.6	9.9		2.6	7.3	4.8		2.2	3.0	56.3	8.7	47.6
Title I—Assistance from other country sales agreements.....														
Title II—Emergency relief and eco- nomic development.....							3.5				.2	3.7		3.7
Title III—Voluntary relief agencies.....		.5	51.7	20.6	11.6	7.2	7.6	8.9	8.1	8.7	3.1	128.0		128.0
Title IV—Dollar credit sales.....											17.9	17.9		17.9
Export-Import Bank long-term loans.....	14.6						1.2	2.0	3.0			38.3	14.4	23.9
Other U.S. economic programs ²	510.5	26.2										536.7	112.9	423.8
Total economic.....	525.2	733.4	273.6	61.1	32.3	67.4	42.4	47.4	49.1	25.8	32.7	1,890.0	156.9	1,733.1
Loans.....	111.3		61.6	24.8		34.6	10.9	18.2	36.1	12.0	29.4	338.5	156.9	181.6
Grants.....	413.9	733.4	212.0	36.3	32.3	32.8	31.5	29.2	13.0	13.8	3.3	1,551.4		1,551.4
Military assistance program (charge to ap- propriation) ³		150.8	433.7	135.1	81.2	91.4	42.8	34.9	68.2	83.2	104.0	1,349.6		1,349.6
Credit assistance.....														
Grants.....		150.8	433.7	135.1	81.2	91.4	42.8	34.9	68.2	83.2	104.0	1,349.6		1,349.6
(Additional grants from excess stocks).....	(.....)	(32.7)	(11.7)	(6.8)	(6.8)	(13.4)	(14.2)	(19.7)	(6.2)	(3.9)	(17.0)	(137.5)		(137.5)
Other military assistance ⁴	198.4	172.7		8.3	8.0	25.3			17.6			430.3		430.3
Total military.....	198.4	323.5	433.7	143.4	89.2	116.7	42.8	34.9	85.8	83.2	104.0	1,779.9		1,779.0
Total economic and military.....	723.6	1,056.9	707.3	204.5	121.5	184.1	85.2	82.3	134.9	109.0	136.7	3,669.9	156.9	3,513.9
Loans.....	111.3		61.6	24.8		34.6	10.9	18.2	36.1	12.0	29.4	338.5	156.9	181.6
Grants.....	612.3	1,056.9	645.7	179.7	121.5	149.5	74.3	64.1	98.8	97.0	107.3	3,331.3		3,331.3

¹ Less than \$50,000.² Includes UNRRA and post-UNRRA, \$317,100,000; Greek-Turkish aid, \$122,500,000; surplus property credits, \$96,600,000; and other, \$5,000,000.³ Annual data represent deliveries; total through 1965 is the cumulative program.⁴ Includes Greek-Turkish aid of \$371,100,000.

Mr. KENNEDY of New York. Mr. President, 5 years ago, President Kennedy pledged—

To those people in the huts and villages of half the globe struggling to break the bonds of mass misery, our best efforts to help them help themselves, for whatever period is required—not because the communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor.

He warned, "it cannot save the few who are rich."

Three years later, President Johnson restated that pledge:

We have proved that by the wise application of modern technology, the determined labor of skilled men and women can ultimately produce enough food and clothing and shelter for all mankind. The possession of new abilities gives us new responsibilities and we want to live up to those responsibilities. That is our Christian duty.

And last year, the Senate reaffirmed, in an amendment to the Foreign Assistance Act offered by the Senator from Pennsylvania and myself, and approved by a vote of 78 to 1, the responsibility of the United States to "close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy."

Never were these pledges more important to fulfill than today.

I am particularly distressed to note that the gap between promise and performance, between hope and fulfillment, seems to be growing wider rather than narrower.

The events and amendments of the past few days have been distressing indeed. The amendments we have adopted—and failed to adopt—are signs of retreat from responsibility and from honoring those pledges of Presidents Kennedy and Johnson. Today, our newspapers report the virtually unanimous passage in the House of the largest money bill in our peacetime history—\$58.6 billion for defense spending. Surely we can afford one-twentieth of that sum in foreign assistance—and without terms and conditions which virtually destroy its usefulness to the recipient.

We in Congress have failed to meet these obligations. But it is also a fact that foreign aid has no constituency, and no lobby, in Washington; and without a major effort at all levels of the executive branch of government, foreign aid will continue to decline.

That unfortunately, is what has happened this year.

We are increasingly an island of affluence and privilege in a world of desperate poverty—a world in revolution.

This is a revolution for individual dignity, in societies where the individual has been submerged in a desperate mass. It is a revolution for self-sufficiency, in societies which have been forced to rely on more fortunate nations for their manufactured goods and their education, cotton textiles and calculus texts. And above all, it is a revolution to bring hope to the children.

The population of this globe, grows every day, nowhere faster than in the underdeveloped nations. In the next 15 years, the population of Latin America alone will be 50 percent greater than it now is. Already, more than half the world's people are under the age of 25; within a few years, the majority will be under 18.

We have it within our power to give to millions of these young people a greater chance at a decent life—to now have a major effect on the course of their next 30 or 40 years. Millions are without schools—and we can help to build schoolrooms; millions more are without textbooks, or teachers—and we can help to provide textbooks and train teachers; others cannot eat—and we have food.

Clean water, better housing, education and training, a job to look forward to; these things we can help to provide. And we must.

Opportunities lost to these young people now, as we have found to our sorrow here at home, will be far harder to make up later. But a relatively modest investment now can make a difference, in 5 or 10 years, to as much as half the world's people—including our own.

For our legacy—to our children, to the next generation of political leaders in the United States—will be far more than what we leave within our boundaries. Its most important element will be the role and standing of the United States in the world—whether, in short, people

will look to this country with hope or with hate, emulation or envy.

The test for this bill, as for any foreign aid bill, is whether it does enough for the future of the young majority of the world.

In my judgment, it does not meet that test.

In the year just passed, the gross national product of the United States has grown by more than \$40 billion; it will grow by a similar amount this year. The total wealth of this Nation—in plant and equipment, in educated and trained manpower, in housing and health, and every other physical measure—has grown almost beyond our capacity to count.

Since President Kennedy's inaugural pledge, our gross national product has grown by more than \$200 billion—an increase greater than the total annual product of 84 countries on 4 continents—every non-Communist underdeveloped nation in the world.

But this increased wealth has not been used for the benefit of others. Our foreign aid budget—the authorization now before the Senate—is no larger than the authorization passed by a less fortunate nation in 1961.

In the last year, I have traveled in 10 countries on 2 continents:

To Ethiopia, where the average life expectancy is less than 35 years;

To Brazil, where there are villages in which 7 out of 10 children die before their first birthday;

To Tanzania, where 97 percent of the people cannot read or write; and to other countries, to Peru and Kenya and Chile and Venezuela, where there is no joy, but only day that follows day, with death the only goal. Everywhere I went, in this year, and everywhere I have gone before, men looked to the United States—looked to us to give of our knowledge and treasure, to bring help to their present and hope to their future.

The United States owns more than half the total wealth of the non-Communist world. The dozen developed countries of Europe and Japan share a total wealth about half as large as ours. The rest of the non-Communist world—the more than 100 nations potentially affected by this bill—share a total annual production of something over \$300 billion—less than half of what we, 6 percent of the world's population, consume each year. The developed nations as a group—20 percent of the world's people—consume 80 percent of the world's goods.

It is not given to us to right every wrong, to make perfect all the imperfections of the world. But neither is it given to us to sit content in our storehouses—dieting while others starve, buying 8 million new cars a year while most of the world goes without shoes. We are simply not doing enough.

Fifteen years ago, rising to the challenge of a war-devastated Europe, we devoted 10 percent of our Federal budget—fully 2 percent of our gross national product—to foreign aid. In 1960, under the administration of President Eisenhower, we joined in the pledge of the United Nations' development decade—to devote a minimum of half that much, 1 percent of our gross national product, to

the equally desperate needs of the newly developing nations.

I believe the time has come to reaffirm that pledge, and to make it a reality.

Such a pledge, in my judgment, is necessary to the demands of the 1960's.

To make such a pledge, it should be clear, the Senate—and the American people—must be fully satisfied as to certain vital points:

First. Can such sums be usefully absorbed by the developing nations?

George Woods, President of the World Bank, has told us that the underdeveloped world has an annual foreign exchange shortage of \$3 to \$4 billion each year—which shortage prevents the investment in schools and factories and farms and health, that alone can bring self-sufficiency, stability and self-respect. The Inter-American Committee for the Alliance for Progress—a body in which the Committee reposes such confidence as to give it a veto over U.S. development aid to this hemisphere—has said that Latin America alone has a foreign exchange shortage of over \$1 billion each year.

Moreover, the accomplishments of U.S. foreign assistance are already substantial—and are being felt in dozens of countries, all over the world. This year, 15 million students will learn in schools assisted by U.S. aid. Three-quarters of a billion people will be safe from malaria, 77 million from smallpox, 7 million from cholera, because of vaccinations given in 1966 alone. Over a million acres of farmland will be irrigated for the first time, and 3 million farmers will receive loans to improve their land, as a result of AID efforts. Nineteen million textbooks, 50,000 miles of better roads, 4,000 loans to private businesses—this is only some of what our aid will do this year.

I have seen—I know other Senators have seen—the hunger for education, for land, for progress and improvement of every kind, that pervades every nation in the developing world. If we provide more help, they will use it.

Second. Will the aid have an effect—will it be more than a perpetual dole.

At the outset, we must realize, as James A. Perkins, the distinguished president of Cornell University and chairman of the President's Advisory Committee on Foreign Aid has written, that—

We are not discussing a problem to be solved in a year or even a decade. We must consciously adopt a program that will last for the rest of the century—and perhaps into the next.

Still recognizing the enormity of the task, we can also take comfort in the fact that nations have achieved self-sustaining growth, and ended the need for U.S. assistance. As Mr. David Bell pointed out aptly last week, it was thought by some as late as 1949 that our economic aid to Japan was a "\$2 billion failure," and that "the American taxpayer must prepare himself for an indefinite period of vast appropriations." But within 5 years our aid to Japan had ceased; Japan will now repay much of our assistance; and, in 1965, it in turn aided

other developing nations with over \$240 million.

Taiwan is another country which has moved into self-sustaining growth, progressing without further American aid. It should be noted in this connection that heavy investment in Taiwan over a relatively short period produced better results than lower levels of aid to other countries carried on over a longer period—this proving what every businessman knows, that too little investment may be worse than none at all. As the National Citizen's Commission on International Cooperation has said:

The approach requiring the least amount of assistance in the long run is one which requires a relatively large volume of assistance during the early period when self-help measures are initiated and first become effective.

Third. Does our assistance advance the essential interests of the United States?

I believe the American people are ready to recognize that foreign aid is not a "giveaway," but rather a moral obligation and a sound and necessary investment in the future. I believe we are ready to recognize that millions saved now can mean billions lost 5 or 10 or 20 years from now—and that the human cost of delay is incalculable.

We have shown in the Senate that we are willing to spend nearly \$2 billion a month for tanks, for planes, for napalm, for the other weapons of war—all to save people from communism. But we seem reluctant to spend, to save people from the tyranny of starvation and ignorance, as much in a single month—even though we know, in our own purest self-interests, that the tyranny of poverty is easily exchanged for the tyranny of communism.

The foreign aid program has not been completely successful. There has been corruption. There have been abuses of other kinds in some of the recipient countries. But if we consider the program as a whole—what is at stake, what has been accomplished—I believe we will conclude that it has been a significant success, and made a major difference in the security of the United States and the peace of the world.

Economic assistance is no magic cure; it will not abolish dictatorship, nor automatically remove oppression, and injustice; and given unwisely, it can even bolster the forces of reaction and hamper progress. But an adequate program of assistance can help to prevent oppression, can at least right the basic injustices of starvation and ignorance and degradation and want, in dozens of countries on four continents.

Ideals, however, are not self-executing. They require thoughtful planning and forceful administration. Last year, the Senate attempted to meet this problem by creating a special Foreign Aid Planning Committee charged with reexamining and reevaluating our entire foreign aid program.

Although that committee was eliminated—along with the 2-year authorization—in conference, the need for a basic reappraisal is as great today as it was last year. I therefore urge that the

study, contained last year in sections 702-704 of the Senate bill, be inserted in this bill with appropriate changes. Foreign aid is too important to receive less than the best planning and administration of which we are capable.

There is one final question: the proper relation of this aid bill to the war in Vietnam. The committee has stated that American citizens should not be called upon to accept reductions in programs which affect their daily lives, see their taxes increased and war costs spiral, while the foreign aid program escapes unaffected and undiminished. But foreign aid, as I have stressed, is not a giveaway. And if anything, the war in Vietnam should serve as a reminder of the greater costs we may have to pay in the future, if we now fail to meet the challenge of development in Latin America or Asia or Africa.

The war in Vietnam should not and cannot be allowed to keep us from doing anything which is vital to our future, at home or abroad. A nation which increases its gross national product by \$40 billion a year can spend \$20 billion in Vietnam and still meet its domestic and foreign needs out of new growth, without diminishing the well-being of its citizens. This war is difficult and dangerous enough without causing us to now lay the seeds of greater difficulty and danger in the future.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a speech made by Mr. George Woods, president of the World Bank Group, on July 20, 1966, on the question of foreign aid and assistance; and also an article entitled "Aid-to-Africa Policy Being Reappraised by Presidential Panel," written by Richard Eder, and published in the New York Times, of July 5, 1966.

There being no objection, the items requested were ordered to be printed in the RECORD, as follows:

REMARKS OF MR. GEORGE D. WOODS, PRESIDENT OF THE WORLD BANK GROUP, TO THE MINISTERIAL MEETING OF THE DEVELOPMENT ASSISTANCE COMMITTEE OF OECD WASHINGTON, D.C., JULY 20, 1966

When I last had the honor of addressing the Ministerial Meeting of this Committee a year ago, I suggested that the time had come to take bold decisions about the volume and character of development assistance. I think we must all be deeply disappointed, 12 months later, that these decisions still wait to be taken. Let me state again my conviction that the amount of financial assistance to the developing countries is inadequate by any reasonable standard—whether it is considered in relation to the growth rate the industrial countries say they are willing to help the developing countries to achieve, or by the amount of capital which the developing countries themselves are able to use to good purpose.

If there were to appear on this planet earth tomorrow a new country with a population, say, as big as that of the United States or the Soviet Union—some 200 million or more—this would be an event of far-reaching significance. Foreign offices and defense establishments would have to adjust themselves to this new presence; so would ministries concerned with international trade, finance and the distribution of physical resources in the world. In many countries, the necessary adjustments would be matters of the highest policy, to be determined by cabinets and chiefs of government.

You may say that this is fanciful. Yet in the past five years the population of the developing countries has grown by over 200 million souls—a number larger than the population of the United States, and comparable to the population of the Soviet Union, of Africa south of the Sahara, or of all Latin America.

While this is certainly not the same as the emergence of a single country, it is emphatically a circumstance of great weight in world affairs. It presents new tasks to the political and administrative organizations of the developing countries, and bears heavily on their physical and financial resources. It speaks urgently for striking a new balance in the relations between high and low-income countries.

Yet the pages of recent history show little recognition by the industrial countries that the equivalent of a new continent has been added to the less developed world, or that, despite population controls which are starting to take effect, a second such equivalent will be added in the next five years. The low-income countries must finance their development effort mostly out of exports to industrial countries—and they are increasingly able to produce for export. But the trade policy of the industrial countries in 1966 still offers them too few opportunities. The flow of financing for development has not noticeably increased. In fact, by some important measures it has declined.

Since 1961, the level of official net capital flows from OECD countries to the developing countries has remained static at about \$6 billion a year. As a proportion of the rising incomes of the OECD countries, these net official flows declined from an estimated eight-tenths of one per cent to six-tenths of one per cent. The export of private capital increased, but most of it was directed to only a few countries, and discouragingly little of it went to the poorer ones.

We know and agree that the terms of development finance must be made easier for the developing countries. But the reverse is happening. As the Chairman's Report points out, the recent trend toward improvement in loan terms has been more than offset by a decline in the amount of grants. Today the average terms of assistance are harder than they were last year or the year before, and the prospects are disturbing.

At the same time, more and more of the flow of finance is being counterbalanced by the debt service paid by the developing countries. Service on public and publicly guaranteed debt more than doubled between 1961 and 1965. More than half the inflow of development finance is now being offset by the return flow in the form of amortization, interest and dividends.

Paradoxically, at the same time that the relative volume of aid has been dwindling, the capabilities of the developing countries have been growing. Last year, I reported the judgment of the World Bank staff that for the balance of the 1960's, the developing countries—outside the Sino-Soviet areas—each year could effectively use, on the average, some \$3 to \$4 billion more of development finance than they are now receiving. This judgment was based on estimates of the capacity of the developing countries to save and to export, to follow acceptable economic policies, and to plan and carry out high-priority development. We have kept these estimates under review, and this review confirms and underlines our judgment of a year ago. And in this connection I wish to reassure the Chairman, who on page 51 of his draft report wonders if we are basing these estimates on what he calls "our fairly high standards of economic justification for external assistance." We are. We have only one standard.

The capacity of the industrialized countries to support an effective assistance effort also has been rising. Assuming that effective financial assistance would cost an added

\$3 to \$4 billion a year, the industrialized countries can certainly afford it. Their national income has been increasing, in the aggregate, at the rate of \$40 to \$50 billion a year; and if over the last five years, only one per cent of that increase had been devoted to additional development support, we should by today be not very far from a satisfactory level of assistance.

In the meantime, the contrast between the rich and the poor continues to be both striking and, it must be said, ominous. The 20 or so industrial countries of Western Europe, North America and the western Pacific now account for over a thousand billion dollars of the world's product. These 20 countries, with less than a fifth of the world's population, produce and enjoy more than half the world's wealth. By contrast—taking only the developing countries within the World Bank's membership—another segment which is half of the world's population accounts for only one-sixth of world product.

It is unrealistic to think that this state of affairs can persist. Surely any government, if half or more of its people lived in poverty, either would make strenuous efforts to help them or would itself fail to survive. Through changes in communications and transportation, the world each year becomes a smaller neighborhood, and what is intolerable in a single nation inevitably—and quickly—will become intolerable in the community of nations.

Many of the industrialized countries represented here today are now, and for some time have been, engaged in examining at high levels of their governments matters which they consider to be of pressing and mutual concern. Foreign ministers and commerce ministers and others are negotiating fundamental changes in trade and tariff policies; finance ministers are conferring on the troublesome problem of international monetary policy; and the foreign ministers and defense ministers of the North Atlantic Treaty nations are facing up to problems of defense organization.

Yet, looking ahead over the next ten years, where are the threats to international tranquility and order? Are they confined to balance and maintenance of military strength among the most powerful nations? Of to financial questions among the richest? Or is there also a threat arising from the possibility that, without concerted and adequate help from abroad, a large part of humanity will remain on the ragged edge of subsistence? I believe this is a possibility which presents a real and present danger.

What is now necessary, I suggest, is that the governments represented in this room should give to consideration of their policies relating to development finance a priority at least comparable to consideration of their other basic concerns. After twenty years of experience—and to some extent of frustration—the time has come, I believe, for a thorough examination of the objectives we are trying to achieve in our relationships with the developing world, of the importance of those objectives to the national interests of the DAC countries, and of the adequacy of the resources, the mechanisms and the techniques which are being employed to attain those objectives.

The kind of examination I have in mind would engage foreign ministers and finance ministers as well as development ministers. It would put the world-wide aid effort—which has emerged somewhat haphazardly from the post-war reconstruction program—in a well thought out and agreed upon place in the whole scheme of international affairs. It might implement some of the thought-provoking suggestions made last May by the American Secretary of the Treasury, Mr. Fowler, in a speech to a meeting of bankers in Spain.

The industrial countries here represented have been assisting world development for

a span of two decades. In that time, science, technology and the means of creating material prosperity have advanced at a rate unprecedented in history. We can say confidently that the knowledge and the means exist to enlarge greatly the resources of the world, and to help many millions to achieve, or at least approach, decent living standards for the first time. A solution to the problem of hunger, one of the major problems which will be discussed here, is certainly not beyond our reach if we arrive at a plan and coordinate our efforts to implement it.

Agriculture is entitled to the highest priority, not only in the context of the food shortage, but also, and importantly, because up to 80 per cent of the people in the underdeveloped world depend on it for a livelihood, and because in many countries, the output of agriculture is the biggest single item of production. However, as is true of most development matters, we must stay with the problem of agriculture for the necessary period of years. Unhappily, there are no shortcuts to sound development.

All along the development front, the policies which must now be evolved and the actions which must be taken transcend the interests of any particular group of nations; they involve all. Today, the disparity between the living standards of a prosperous fraction of mankind and the rest of humanity is a gulf that separates the two; but tomorrow it may swallow up both rich and poor in political strife and economic chaos. We must begin to act decisively, and now, to avoid that outcome.

[From the New York Times, July 5, 1966]

AID-TO-AFRICA POLICY BEING REAPPRAISED BY PRESIDENTIAL PANEL

(By Richard Eder)

WASHINGTON, July 4.—A searching effort to rethink and, eventually, to reshape the strategy of United States assistance to Africa has concluded its first phase here.

The project was commissioned by President Johnson a month ago. It is being carried out by Edward M. Korry, Ambassador to Ethiopia, assisted by five African experts whom he chose from the State Department and the Agency for International Development.

Mr. Korry has spent the last month meeting with persons from a wide range of backgrounds—business, the universities, professionals and scientists—all of whom have experience in Africa.

In a series of brain-storming sessions, which participants described as freewheeling and irreverent, he and his staff talked with disparate gatherings including Peace Corps members who have returned from Africa, members of the National Academy of Science, a group of lawyers who served in African governments under the auspices of the Massachusetts Institute of Technology, and others.

PROPOSALS ARE GATHERED

From these, from a broad range of books and reports, and from his three years of contact with Africans from all parts of the continent, Mr. Korry has gathered suggestions for what the United States could be doing to spur the continent's development.

The group is now sifting these suggestions into a report that will attempt to define what the United States role should be in Africa, what objectives it should pursue, and how it should attain them.

In a departure from State Department practice, the report will go to the President and Secretary of State Dean Rusk as written by Mr. Korry, without revision by the layer of committees that usually get at State Department papers before they are finished. It will, according to an official familiar with the work so far, approach the problem "as if we had no previous policy."

What use will be made of the report is difficult to say. With the heavy involvement of the United States in Vietnam, and its difficulties with gold outflow, it is unlikely that Mr. Johnson will be able to order a substantial new effort in Africa.

LIMITATIONS TO BE SHOWN

The report, however, will not attempt to prescribe how much money should be spent in Africa, although it may point out the limits of the present aid level. What it will try to do is to define a purpose, a role and a method for United States assistance in the continent—something that Mr. Korry and other African specialists believe is lacking at present.

A.I.D. assistance to Africa has run to \$200-million a year in recent years. This, as African specialists are fond of pointing out, is approximately what one United States company, the International Business Machine Corporation, spends each year on development and research. It is considerably less than the \$250-million to \$300-million that the Soviet Union sends in arms alone. As for United States military aid, it is limited to \$25-million annually.

If the aid is small—some officials call it, not in jest, "conscience money"—the fundamental problem, in the view of many specialists, is the fact that although it is frequently spent on worthy projects, the total effect is one of aimless scattering.

The \$200-million goes to 33 nations, making an average expenditure of a little more than \$6-million. In one country, Mauritania, assistance in 1965 was something under \$50,000. In many countries, the programs run from \$1-million to \$2-million.

Officials, who believe that the United States can and must play an important part in helping Africa to develop, are frequently bitter about the restrictions in the United States aid program. They argue that unless development comes quickly, perhaps in the next generation, the forces of disintegration may begin to move irreversibly.

One official, noted for his enthusiastic faith in Africa's future, speaks, with an evident effort not to exaggerate, of "a Haiti of continental proportions" resulting unless the next 10 or 15 years are made use of.

Mr. Korry is expected to argue that in the long run the limitations of the United States effort—even of commitments elsewhere diminish—are a result of a lack of a thought-out strategy for Africa. If Congress cuts the African appropriation a bit more each year, it is because it gets a series of isolated projects to approve, with little sense of over-all direction.

QUESTIONS ARE RAISED

To identify such a direction, the Korry group will seek to answer a number of basic questions.

For example, it will explore means by which regional groupings—commonly conceded to be a desirable goal—can be encouraged. The difficulty has been that countries that would be logical partners in one sector may be badly matched in another.

Nations that could cooperate to form a power grid may not be suitable for agricultural or industrial integration. The old colonial divisions may suggest one combination of states, but economic or political interests may point a different way. Finally, the linguistic barriers between French and English Africa may impede groupings that otherwise would be dictated by geography and resources.

Another question is how the United States can harmonize its aid with Britain and France, whose roles are often more significant, so as to work toward a common economic strategy.

Mr. PASTORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield the floor?

Mr. KENNEDY of New York. I yield to the Senator from Rhode Island.

Mr. PASTORE. First of all, I should like to compliment and congratulate the Senator from New York for a very articulate, inspiring, and tremendously moving speech on this question of foreign aid. My only regret is that he did not make it at the beginning of the debate; because, contrary to what he has recommended and so well reasoned, we have already made very serious cuts in this bill, cuts which I consider to be most regrettable.

I should like to join with the Senator in everything he has said. I agree with him and I support him in the statements he has made. It is American statesmanship at its best.

A matter that has puzzled me during the past four Presidential administrations is the frustration of foreign aid. Whether it was President Truman, President Eisenhower, President Kennedy, or now President Johnson, all men of very wide experience, each dedicated to the welfare of this great society of ours, each devoted to the security of our Nation and the peace of the world, each, in his turn has come before Congress, year after year, in his dedication and in his attempt to carry out his responsibility under the Constitution to administer the foreign policy of this country. Each has consistently, constantly, and persistently advocated a foreign aid program.

Each has seen the role that an affluent America must play in a world plagued by the desperate needs of yesterday and of today—needs that will grow tomorrow beyond desperation unless we see the picture as displayed by the Senator from New York—and make it our purpose to make tomorrow better.

Each President has made a logical presentation to Congress.

With what result?

Each President has had a miserable experience with Congress—so much so that it has become an enigma why the Chief Executive, the one man, elected by all the people, who is charged with the development of this society and the peace of the world, must be subjected to this sabotage. The President has recommended a very modest amount, as the Senator from New York has brought out, to keep this world together. After all, we are the most affluent society in the world. If we allow the world to fall apart, we who have the most have the most to lose. All we are trying to do, is to keep the world together by extending a helping hand to those who cannot help themselves.

Every time a foreign aid bill has come before us, there have been attempts to whittle it down, to chop it down, and to destroy it. In this year of 1966 the situation is no different. Already we have done a terrific scissors and hatchet job on the bill. By the time we get through it, it will not be recognizable as an aid bill.

I hope that the eloquent remarks of the Senator from New York have not fallen on deaf ears. Here is a man who

has traveled the world over and has seen human need at first hand. Here is a man who has been privy under two Presidents to the most intimate information that could come to any government. He stands before us today and tells us that we have the resources and the responsibility to keep this world together, if it is to be kept together at all. His facts and figures are unanswerable. The responsibility falls the greatest upon our senatorial shoulders. I hope that Congress, and particularly the Senate, having heard him—will heed him.

Mr. KENNEDY of New York. I thank the Senator for his remarks.

Mr. ELLENDER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair recognizes the Senator from Louisiana. Under the unanimous-consent agreement, the pending business is the amendment of the Senator from Louisiana.

Mr. ELLENDER. Mr. President, at this point I simply wished to respond with a few words to what the distinguished Senator from Rhode Island has said.

Mr. President, as is well known, I voted for the original Marshall plan, and I have no excuses to make; I would probably vote for it again.

But when the Senator from Rhode Island and the President of the United States state that these are barebones requests, I should like to refer to the appropriations made last year.

We had a barebones suggestion by the President of the United States of \$3,400 million. But when you add the \$3,400 million to the \$1,750 million for surplus commodities, and when you add to that the amounts that we provide each year in order to finance the international banks, to which we contribute heavily, you will find that the barebones appropriations of last year did not amount to \$3.4 billion, but to \$6.8 billion.

As a matter of fact, Mr. President, the amount that we appropriated for fiscal year 1966, the fiscal year which ended on June 30, was as large an amount as was provided when the Senate first considered and provided funds for the foreign aid program.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. PASTORE. Mr. President, I would like to enunciate the great adage: Cast your bread upon the water.

In the process and profit of doing that, our gross national product has risen from \$650 billion a year to \$750 billion a year. With all our generosity we have become richer. What I am saying here this afternoon is that we have given the money to a degree that is modest compared to our means. Whatever we have given we have given it in love of neighbor to alleviate the suffering and poverty in the rest of the world. I do not think it is disgraceful. I think it is a mark of distinction for America.

It would be a world tragedy if America did not care.

It would be a national shame if America did not share.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. McGOVERN. Mr. President, I subscribe wholeheartedly to the views expressed by the Senator from New York today. I am glad that he made reference to the action of the House of Representatives on yesterday in authorizing \$58.6 billion for military expenditures. The Senator might have added that that was \$1 billion more than the administration wanted.

While we are going through the exercise here of curtailing the administration request for a very modest expenditure for economic and technical assistance, we are also being treated to an exercise in which Congress is forcing an additional \$1 billion on the administration for armaments that the administration says it does not want and has no plans to spend.

Beyond that, the news article to which the Senator referred informs us that the Pentagon has another \$42 billion left over from their previous authorizations. That money has not been spent. Therefore, with the additional \$58.6 billion, they now have approximately \$100 billion to spend in the fiscal year 1967.

Earlier today I offered an amendment to provide that the United States ought not to reduce the economic and technical assistance that we are giving worldwide to less than 10 percent of what we are spending on our highly questionable effort in Vietnam.

As the Senator suggested, approximately \$20 billion a year is being expended in Vietnam. Some estimates are higher than that. I think that the distinguished chairman of the Armed Services Committee, the senior Senator from Georgia, has estimated our Vietnam expenses at approximately \$2 billion a month. Certainly, if we can afford, in the name of freedom, to spend approximately \$24 billion a year in Vietnam, we ought to be able to find some way to spend 10 percent of that amount for all the remainder of the world—Asia, Africa, Latin America, and the Middle East. For every \$10 that we spend in Vietnam, we should surely be able to allocate \$1 to the remaining countries of the world to help meet their serious problems.

I earlier asked that my amendment be laid temporarily aside because of a prior understanding with the Senator from New York [Mr. JAVITS] that his amendment would be considered first.

Since then, I have discussed the amendment with the Senator from Arkansas [Mr. FULBRIGHT], the distinguished chairman of the Foreign Relations Committee. Although I think it is a worthy amendment, the Senator from Arkansas feels that a majority of the Senate would probably oppose it. So, I think, under the circumstances, I shall not ask that it be further considered. Again let me say that I wholeheartedly endorse what the Senator from New York has said. There are, indeed, rich moral, political, and economic dividends that can come to us, to our children, and to the world when we join in a cooperative effort to raise standards of life in the developing countries of the globe.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. MOSS. Mr. President, I congratulate the Senator from New York on what he has said here today. I think perhaps it should have been said earlier in the course of the debate. It awakens in our minds many of the things that have been going on in the Senate for these past few days as we have our annual free for all in an effort to see whether we can pick apart the foreign aid bill with the greatest ferocity.

This is one of the reasons that I strongly supported the proposal for an authorization for a longer period of time than for 1 year.

It seems to me that we come back and go through this exercise again and again. I do not believe that anyone who heard the speech of the Senator or anyone who will read the speech can help but be impressed with the facts he mentioned concerning our great affluence in this country, the vast productive power, and the great consumption of goods that exists in this country.

Nevertheless, we are here cutting funds in every possible place on a bill that would lend some assistance to the less fortunate of the world. It certainly is in our own interest to stabilize and help the governments and peoples of the world to reach a higher pinnacle of economic self-sufficiency.

I think the Senator from New York has rendered a great service to us here today.

I associate myself with his comments and commend him highly.

Mr. KENNEDY of New York. Mr. President, I thank the Senator. I wish to make an additional remark regarding the miscalculation that I perhaps made, and that perhaps others made, about not speaking at the beginning of the debate.

I think all of us felt that we generally supported foreign aid. We realized the importance of the various programs around the world, and the position of the United States around the world. The foreign aid program had been very modest; it had been proposed by the administration, and supported by the country. It was obvious that there would be some changes, but generally, from the information given to me, it was felt that the measure would receive the support of the Senate. It was only after the debate commenced, these last few days, that we realized that the measure did not have that kind of support. In fact, in my judgment, the measure is badly damaged, was destroyed in many areas.

I think that if we were to examine our position in the Senate now and realize how different our position is from the position of this body in the 1940's and 1950's on the aid that was given to Europe and other countries, we would realize that we in the United States are as powerful as we are and are able to sit in this Senate Chamber because of the efforts made by others 20 or 30 years ago.

We have the same responsibility to the next generation of Americans. But

Instead we are making only one-third of the effort our predecessors were willing to make. And the next generation of Americans, the next generation of political leaders, will have to face hatred and distrust of the United States all over the globe because we have saved a few dollars today.

We certainly should not be proud of that legacy. I think it will present a major problem for us.

The profit, for instance, of the General Motors Corp.—one of our finer corporations—is \$2.2 billion a year, which is more than the gross national product of half of the countries of the world.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. FULBRIGHT. Mr. President, the Senator does not quite reflect what some of us, at least, think about the AID program. It is not the amount that we question. It is the manner in which the program has been administered, and the use to which aid has been put by the administration. For example, they have used our aid as one justification for intervention in the civil war in Vietnam.

The engagement in the war itself colors the judgment of many of us, in my opinion, at least, as to the validity and wisdom of this form of intervention all around the world.

The Senator from Rhode Island made a very impassioned and eloquent plea concerning charitable contributions. I have never regarded this program as justifiable on the basis of charity. It is much too large for a charity program. It is not a relief program. We have had relief programs under UNRRA in its different stages.

A day or two ago, the majority leader offered to send \$25,000 as relief to Outer Mongolia. Relief aid is a tradition with this country. However, I never think of this foreign aid program as being a charitable program, any more than I think of old-age assistance or social security as being charitable programs.

It is a program which this country has deliberately adopted for justifiable reasons as being in our own interests. I think the program should be administered on a nonnational basis.

I would go along with the Senator from New York as to amounts if the program were administered through the proper international agencies. For example, the Senator cited Mr. Woods, who made, I thought, a very important statement the other day with regard to IDA. I favor his proposal.

I would favor not only the amount he proposed, but also the diversion of much of our aid through such agencies. But our bilateral aid program has, in my view, over these recent years, accumulated some very serious political barnacles, if I may call them that. It has created some serious problems for us, among them the involvement in Vietnam.

I am not willing to continue to use this tool, which could be used very beneficially to promote both our interests and the interests of the developing countries, in the way that it is now being used.

I am not for undertaking a policy of hegemony in Asia, certainly not without

very serious consideration and approval by the Senate. I, therefore, am inclined to reexamine this program very thoroughly.

The Senator from New York mentioned his proposal for reexamination of the program which was adopted last year. I am in favor of that. I have no objection to it.

I may say that I am unable to read parts of the copy that I have. I wonder whether the Senator could present a printed copy for the benefit of the Senator from Arkansas.

AMENDMENT NO. 696

Mr. KENNEDY of New York. Mr. President, I send the amendment to the desk and ask that it be printed and lie on the table. I intend to offer it tomorrow.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. FULBRIGHT. If it is identical to the committee's proposal of last year, providing for the restudy of aid, I point out that we have already agreed to the need for such a review. The committee considered and recommended it last year. I do not wish the RECORD to appear to indicate that some of us who have voted for these cuts have suddenly decided that we should close our pocketbooks and do nothing to help the poor nations. My complaint is about the manner in which we are providing aid. I think the way the program is now constituted is self-defeating and is doing great harm.

Numerous studies have been made. A whole book was written recently about our program in Nepal, and the conclusion was that it has done more harm than good. I believe this can be said about a number of places around the earth.

It is a misunderstanding and a misrepresentation to say that those of us who voted for certain restrictions and cuts are turning our backs on the world, have no interest at all, and do not realize that this is a rich country. We are rich, but we have much to learn. We are not nearly as wise as we are rich.

Mr. KENNEDY of New York. I have some serious reservations about the struggle that is now taking place in Vietnam, and about some of the steps that are being taken. I do not believe that if we look back over the history of the war in Vietnam, we can say mistakes have not been made. Mistakes have been made by every administration, including that in which I served the longest period of time—the administration of President Kennedy. But I do not believe we can say the determining mistake that was made was in giving foreign aid and foreign assistance to Vietnam. There have been mistakes, and perhaps that might have been one; but I believe it is pretty far down on the list of errors made in Vietnam or southeast Asia over the last 10 years.

If we are going to look at Vietnam and say we should cut back on foreign aid, we should consider the situation in the forties and fifties. We are now giving approximately a third of our budget and of our gross national product as compared to what we gave 15 years ago.

All Members of the Senate have trav-

eled. Although mistakes have been made, some of these programs have been very effective. Some of these programs have saved the lives of many tens of thousands of people. Some of these programs have permitted hundreds of thousands of young men and women to obtain an education and removed the burden of ignorance from their backs.

I do not know about the situation in Nepal; I accept the remarks of the Senator from Arkansas about that. But I believe we also should look at what has been done all over the world that has been good, and why people look to the United States. Why do they think there is something special about the United States? It is not just because of what we have done internally, that our companies and corporations have grown. It is the Peace Corps, and also the fact that we have in a generous way given our aid and assistance to those countries, in helping them to develop themselves. We have a responsibility as the most developed nation in the world. We have taken an interest in them. If we have decided not to be an isolationist country, and that we have a role to play in the world, then it should be something more than going in when a war takes place, as in Vietnam, and being able to buy bigger tanks and better planes and larger bombs and killing more people and more Communists or Vietcongs, or whatever they might be called, than any other country.

I believe that we have a responsibility on the other side, to attempt to prevent those situations from arising, not just for ourselves, but also for the next generation.

In Tanzania there is 97 percent illiteracy, and the life expectancy is under 35 years of age. We are giving \$10 million to Tanzania, and we spend 80 percent of that in the United States. This percentage is in the form of food.

Mr. FULBRIGHT. The money amount is really very small.

The Senator from New York has drawn attention to the fact that a bill has been passed providing \$58 billion for defense. The other day the Secretary said that we have spent \$850 billion for defense since World War II. According to the figures of the minority leader, about which there is some question on items, we have spent roughly \$114 billion, less than one-eighth that amount, for our aid program. I do not object to the amount; I am only saying that I believe there is a more effective way of administering our aid effort.

The one outstanding example of success was the Marshall plan. That was not administered as a unilateral program. We utilized the OEEC to plan and administer the program and we furnished the money.

I am only saying that I believe it would be a great thing if we could take one-tenth of the amount now spent for military purposes and give it to the International Bank or the U.N. Development Fund and have it used to help build up the societies and economies of the underdeveloped world.

One of the distinctive things we have tried to develop since World War II, in my opinion, has been a cooperative,

multilateral, approach—not a unilateral approach—to world problems.

What I believe I detect in recent statements of this administration—and I am not sure the Senator does not confirm them—is that this whole program is just for the United States, that we should do it; that the United States, because it is rich, ought to undertake a program of rehabilitation and assistance around the world. I believe we can make a great contribution monetarily, and I believe we can do it through these organizations. I do not believe we have the wisdom to do it, but even more, I do not believe any nation can, as a national entity, undertake this kind of job and do it effectively. Inevitably, it is bound to become tainted with the suspicion—if not the fact—of materialism or paternalism. These words have acquired certain rather bad connotations by their use.

I believe a trend in this direction is already in progress. If a country undertakes to administer this kind of program worldwide, in accordance with its own individual views, without utilizing an international organization, the effort will ultimately defeat its purpose. It will not bring about political peace and social and economic reform, in the countries it tries to help. It will only end up in political competition with other countries.

Even now, I believe that our aid program has inspired Russia to start one; also the Chinese, who probably never would have done so on a competitive basis.

What would make sense to me is that our undertaking to bring about improvements in the underdeveloped countries should be a cooperative program through the international agencies; and, hopefully, we should enlist aid not only from the Western world but also from Russia. The Russians are having second thoughts and disillusionment about some of their aid programs, for many of the same reasons that trouble our program. They had experience in Ghana, in Iraq, and in Indonesia that was not unlike our experience in certain countries. This happened for the same reasons, I may say—resentment of the smaller countries at the incursion of big, rich countries.

I believe there is an inherent defect in this approach. I am perfectly willing to match the desires of the Senator from New York as to amounts, if the program is administered by the international agencies.

All we need to do is to make up our minds to approach this problem as a member of the community of nations, and not as just as the great United States, which is going to tell everybody what to do and pay them to do it, as we are now doing in a number of instances. That, I believe, is the real difference between us.

Mr. KENNEDY of New York. I appreciate that.

The Senator referred to other countries. It is true that the United States, on the basis of its gross national product and its budget, even at the present time gives less percentagewise than France or Germany, for instance.

Mr. FULBRIGHT. I would have to say that they provide assistance in a very different way to their colonies. Let us

say that their aid is in the nature of an investment.

Mr. KENNEDY of New York. The Senator is correct.

Mr. FULBRIGHT. But the French do not go around giving grants. About 99 percent of their aid goes to their colonies where they know what the results of the aid will be, and it is really in the nature of an economic investment, in my opinion.

Mr. KENNEDY of New York. I have no disagreement with what the Senator from Arkansas suggests.

If we can develop in the Senate and in the Government a program of administering aid in a fashion which would be more acceptable, I would be completely in favor of that. That is why I suggested that there be formed a committee to make a study of our foreign aid to see if we are proceeding in the best possible way.

Mr. FULBRIGHT. I am sorry.

Mr. KENNEDY of New York. That is one of the reasons I suggest that this committee should make a study of it to determine what we should do.

Mr. FULBRIGHT. Yes.

Mr. KENNEDY of New York. I agree with the Senator that what was effective for the forties, fifties, or the early sixties we might not want for the 1970's. In the meantime, it is my strong feeling that we should not burn down the house while trying to reach understandings either in the Senate, the House of Representatives, or in the executive branch.

If we get beyond what the Senator from Rhode Island referred to, I think we have a moral responsibility in connection with our self-interest.

I think all of us have traveled around the world and everyone would feel that what we did in the forties, the fifties, or the early sixties in the aid program has been in our self-interest.

Mr. FULBRIGHT. Some of it has, but not all of it.

Mr. KENNEDY of New York. I do not think all of it. But while trying to find an answer, to have the whole program fall apart at the seams and bring all kinds of repercussions, not only for the present but for the future of the United States, does not seem to me to make a great deal of sense.

Mr. FULBRIGHT. I do not know why the Senator thinks it has fallen apart. The bill has not been completed. What does the Senator mean by "falling apart"?

Mr. KENNEDY of New York. I am referring to the amendments that have been accepted over the last 2 days. I refer to the fact that there was a modest proposal in the beginning which is getting more restricted each year.

I find in this critical period and in the last 2 days less of an effort that is necessary on the part of the executive branch of the Government to marshal the forces of business, labor, churches, and others interested in this matter to develop public interest in the importance of the aid program.

Mr. FULBRIGHT. I agree with the Senator that the administration is so preoccupied with making war that they have very little time for anything else—time or money. They are spending about \$2

billion a month in the prosecution of this futile war in southeast Asia. There is \$68 billion in this budget and they do not have the time or the money for this program.

Mr. KENNEDY of New York. I thought that maybe the Senator from Arkansas [Mr. FULBRIGHT] would make up for that deficit.

Mr. FULBRIGHT. There is nothing new about my views about this multilateralism, if the Senator had something else on his mind.

But 3 or 4 years ago I began to plead with the Senate. We put in a provision authorizing the diversion of loan funds for the International Bank where they have a good reputation for administering this kind of program for the development of underdeveloped countries. It was approved by the Senate and by the House of Representatives, but the Appropriations Committee of the other body refused to abide by it and put in a limitation which would prohibit it.

We tried it year after year. There is no other way to do it. This is not a rational view. I am hopeful of bringing about a change.

I am perfectly willing to have a committee. As a matter of fact, I advocated it last year, and the Senator from Oregon did. The House of Representatives would not approve it last year. They were adamant about it. We passed it here with little opposition. This entire matter should be restudied and some new approach taken.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield to the Senator from Alaska [Mr. GRUENING].

Mr. GRUENING. I thank the Senator. I would like to make the comment at this time that the emphasis in the speech of the Senator from New York [Mr. KENNEDY], and in the colloquy of my good friend the Senator from Rhode Island [Mr. PASTORE], and others who have joined them in exalting foreign aid, is that those who have introduced amendments are aiming to slash, ruin, downgrade, and diminish the foreign aid program.

As a matter of fact to this bill providing economic aid I have six amendments, one of which has already been accepted by the Senate. It happens that not one of my six amendments cuts a single nickel from the pending bill. They are designed to improve the program. Some of the amendments will be adopted as some of mine have been in the past and are part of the existing foreign aid procedure.

The amendments which I have submitted and will offer would materially improve the program.

I call to the attention of the Senate the report issued by me as chairman of the Subcommittee on Foreign Expenditures of the Committee on Government Operations which gives a case study of one country which was selected because it was in its area, Latin America, most advantageous from the standpoint of prospective success. Yet the report is an objective and factual exhibit of the tremendous errors which have been

committed in the past in our foreign aid programs and have not been rectified by experience, and which if rectified would greatly strengthen and improve the foreign aid program.

There are few of us who do not believe that some foreign aid program is necessary. But the fact is that as it has been administered and misapplied, the program has been greatly weakened. That is why many of us seem to be and are critical of it. If we are to improve the program, it is not going to be by the mere addition of money. Experience has shown that larger doses of the wrong medicine do not effect a cure.

There is also another aspect to be considered. There has been a certain amount of—perhaps not conscious—misrepresentation. The President sends down a budget, as the distinguished Senator from Louisiana pointed out which is declared to be a "bare-bones" request. Yet it is less than half of the program. There are all kinds of other spigots which more than double the alleged bare-bones request.

The loans being made under it at negligible rates of interest are one large spigot running into billions of dollars. We have tried to raise the interest rate. Many are loans which will never be repaid. They are, in reality, grants, but the American people are asked to consider them as loans.

I remember 3 years ago when I was in Egypt on a foreign aid study I was present when our Ambassador signed an agreement with Nasser to build a powerplant in West Cairo. The terms of that loan provided for no repayment of capital for the first 10 years. The interest was to be at three-quarters of 1 percent during the entire period, and it was to run for a period of 40 years. That was not a loan. It was a gift. A powerplant is a profit-making, self-liquidating enterprise. The loan should have been made at the rate the American people are obliged to pay for their money.

We have been making that type of loan all over the world. It makes people wonder what kind of suckers we are. There are some types of loans, whether for schools, roads, or some other project which do not generate revenue where the token interest rates may be justified. We have not been as vigilant as we should be in the interest rates, and this has been brought up year after year without much improvement.

In many instances we have unquestioningly accepted the foreign aid program of the administration. The amount of money we ladle out is not the answer. It is the way in which it is administered.

Instead of giving money promiscuously all over the world, often rushing in before a nation is even independent, we should give it to those countries which are willing to cooperate and are willing to make self-help efforts and have an appreciation of their responsibility to help expend these vast sums honestly and prudently.

I remember that 5 years ago John K. Galbraith, one of our leading economists and recently our Ambassador to India, wrote an article in the quarterly For-

eign Affairs in which he pointed out four conditions to make foreign aid effective, and without which it could not be so.

First, in the country receiving aid there should be a knowledgeable elite which knew how to receive foreign aid and use it; second, that the people in its government would have to be honest so that the money would not be stolen; third that there would be a sense of social justice in the government so that the money would not stay at the top and benefit a few, but would percolate through its social structure to all levels; and fourth, such country would have to have a sense of direction, purpose and destiny.

Those are desirable guidelines, but except in one instance they have not been followed. If these desirable guidelines had been adopted, our program would be infinitely more successful and would have far more support by the American people and in the Congress than it appears to have.

Let me say in conclusion that it is difficult for some of us to be wholly enthusiastic about scattering our funds generously in all parts of the world when we are cutting down our own essential programs at home, when for example the administration has sought to eliminate even the milk program for our children, and cuts out other authorized projects which our own people need. It is difficult, therefore, to work up any fervor for far more lavish projects abroad, for which there is often doubtful validity. That is probably the most compelling reason why so many of us have doubts about the foreign aid program today. I consider that our first obligation is to the folks at home. Nevertheless I have sought to improve the foreign aid program to weigh its importance in relation to our domestic needs but not to weaken it.

Mr. KENNEDY of New York. I appreciate the remarks of the Senator from Alaska. I also appreciate his efforts, with which I frequently agree. I appreciate his dedication to strengthening the foreign aid program.

I am sure that mistakes have been made in the foreign aid program. Mistakes have also been made in the military program. The Senator knows that hundreds of millions of dollars—perhaps billions of dollars—have been wasted by the military at various times, in the wrong kind of shells, the wrong kind of planes, the wrong kind of tanks, or the wrong kind of ships. Fuel has been wasted. Planes have been wasted. However, but just because it has not been completely successful or completely effective, or because we can point out corruption, inefficiency, or bad judgment, we do not suddenly cut out the whole military program.

As the Senator knows, the defense budget this year will be \$58.6 billion.

I agree with the Senator that the program has not always been administered in the best possible way. It is administered by human beings. General Electric has made mistakes. General Motors has made mistakes. All of us as Senators have made mistakes because we are hu-

man beings. The foreign aid program will make mistakes, too. But if we look at the overall picture of foreign aid over the past 20 years, we know that it has benefited not only people all around the world, but also ourselves. That is what I think is to our best interests.

Mr. GORE. Mr. President, I desire to make a few remarks prompted in part by the statement of the Senator from New York [Mr. KENNEDY].

As one who has supported every foreign aid program beginning with the Marshall plan, I do not feel that the votes I cast yesterday are calculated to tear the program apart. The two important votes yesterday dealt with the Development Loan Fund, one with respect to the amount available and the other with respect to the interest rate.

I do not know to what extent all Members of the Senate have studied the programs. Certain members of the Committee on Foreign Relations have studied them in detail, of course. I hold in my hand only one of the several compilations which were available, some in confidential form.

Does the Senate realize that many of these loans, at these unreasonably low interest rates, are made to our largest U.S. corporations for investment abroad?

They are made to concerns—I shall not name them because I do not criticize them, and to name them in this context might be interpreted by some as criticism—whose securities are on the board in the New York Stock Exchange, corporations which could sell their stock in the United States and raise their own money, corporations which, in fact, could borrow within the countries where they expect to make investments.

Please understand that not all loans, not even a majority of the loans, are made to U.S. corporations. But, I say that when a large U.S. corporation with unprecedented profits flowing into its coffers wishes to make an investment abroad, there should be a limit to the subsidy which the American taxpayers should be called upon to supply.

Shall we continue to loan money at 1 percent when there are people in our own country—like the expectant mother who came to me this week complaining that she and her husband could not obtain a GI loan to build a home in which to rear the child. We should think of what effect current policies are having here at home.

Mr. PASTORE. Mr. President, will the Senator yield at that point, just out of curiosity concerning his presentation?

Mr. GORE. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. I am somewhat amazed at what the Senator is saying. Is it not because the American company is really the builder of the project, but the recipient nation must pay back the bill—the benefits, or whatever it is being built, because of our interest to see that the money is spent in America through an American firm. Naturally, the project will have to be built depending entirely upon the economic situation in the recipient country and how we feel about that country. But they have to pay back the debt. In other words, this is not a

loan made to the American company. The loan is made to the country. The company is the beneficiary because it is contracting and it is the company that will do the building. That is the way I understand it. I have gone into this thoroughly myself. I am on the committee, too, that listens to this.

Mr. GORE. Well, Mr. President, the situation which the able senior Senator from Rhode Island describes certainly prevails in many cases, but by no means all. Loans are made for which the United States corporations or the foreign subsidiaries of a large United States corporations are the direct beneficiaries.

Here is the modus vivendi of repayment. The corporation which invests, let us say, in Brazil, repays the loan, not to the United States but to the Government of Brazil. The corporation repays the loan but with a grace period, not over a 40-year period, but in 15 years to the Government of Brazil. It is the Government of Brazil, then, which enjoys the long and very generous period of repayment, not the U.S. corporation that really obtains the credit at comparatively low rates for capital investment abroad.

This is presented to us and justified to us on the ground that that country has a great problem of balance of payments. Well, the United States has a slight problem of balance of payments, too.

It has not been submitted to the satisfaction of some members of the committee that a U.S. corporation with vast investments already in existence in a given country could not borrow within that country.

But, this is only one of the questions. The question of amount, I think, is only one of the questions involved. That was in one of the amendments. When the United States has an enormous financial drain burdening it, and when the President calls the leaders of Congress together and admonishes them to reduce governmental programs here at home that go to the very essence of our social welfare, then it may be prudent for Congress to seek some ways to reduce this particular program.

Mr. ELLENDER. Mr. President, will the Senator from Tennessee yield at that point?

Mr. GORE. I am happy to yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. GORE. Mr. President, I think, if United States corporations desire to invest, they should be willing to borrow their own funds on their own debentures, rather than seek subsidy from the U.S.

Treasury. This reduction would not seriously harm the program.

What about the interest rates? I do not subscribe to policies which have brought about artificially high interest rates, which have restricted credit and tightened the supply of money. Interest rates are artificially high, pushed to present unreasonable rates by government programs and actions or the lack thereof.

Shall the foreign aid program, shall foreign loans, be the only exceptions to the extra toll the use of money is taking now?

It seems to me the program started with some relationship to the cost of borrowing in the United States. That cost of borrowing on the part of the United States Government has drastically increased.

The amendment adopted yesterday raises the interest rate from 1 to 2 percent for the first 10 years of such loans. This may hinder some projects, but in every State of the Union there are counties and cities galore that are postponing projects to build schools, hospitals, and water systems because of high interest rates.

In every community in this country there are men and women who want to build homes. The desire to build homes is not less than it was 5 years ago. It is more. But there now is the lowest rate of home construction in 5 years. Why? Because lumber is in short supply? No. Because bricks are in short supply? No. Because of the high interest rates and the unavailability of money for home mortgages.

So I say, while we consider raising the interest rates under the bill from 1 to 2 percent, think of the small businessmen, in America, many of whom are now paying 8 percent. Think of young fathers and mothers who desire to build homes but are unable to do so because of the policies which our Government has pursued.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MILLER. Would it not be safe to say that when the businessmen pay 8-percent interest, this is only the start; that the ultimate consumer will be the one who will be paying the 8 percent, because of the increase in the cost of the product he will buy from that company?

Mr. GORE. Of course.

Mr. MILLER. So we have this situation—

Mr. GORE. If I may interrupt, the high interest rate is a very important cause of the rise in the cost of living.

Mr. MILLER. So we have this unfortunate situation. We have high interest

rates which ultimately are going to be borne by the general consumer, and we have the reason for that increase in interest rates in the form of inflation, because inflation always brings increases in interest rates, and the general consumer will absorb them.

I wish to make the point with my colleague that if he will trace where inflation comes from, he will end up finding its cause in the Congress, because in every case the majority of the Members of Congress have voted to run our Government deeper and deeper into debt year after year. It is such a foundation for inflation which brings about high interest rates.

Mr. GORE. Mr. President, I shall close by saying that I expect to vote for passage of the bill, as I have voted for all foreign aid bills. I am beginning to have some doubts, I may say. We seem to have as good relations if not better, with countries we have not aided as with those we have aided. But as one who has supported the bill, and still expects to do so, I do not wish to sit still when the charge is made that I am tearing down the program when I wish to bring about a reduction which I hope will result in American corporations borrowing their own money upon their own vast resources, and raising interest rates just a little. The increase in interest rates is not equal to the rise in the effective interest rates in the United States, but the increase in the interest rates now in the bill are a small increase, in an effort to bring about some ratio between the rates at which the money is borrowed by the U.S. Treasury and the rates at which the loans are repaid.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from Ohio.

Mr. LAUSCHE. Pursuant to the discussion of the Senator from Tennessee on interest rates, there appear, on page 322 of the transcript of the hearings before the Foreign Relations Committee, two interesting tables showing the interest rates charged by other countries on loans to different nations of the world.

If my colleagues will look at page 322 of the hearings, they will find that the interest rates charged by Germany, France, Italy, and England by far exceed the 1 percent, and also the 2 percent to which we raised the original 1 percent figure.

I ask unanimous consent that the two tables appearing on page 322 of the transcript of the hearings be placed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 7.—Interest rate structure of official bilateral loan commitments in 1962

[Millions of dollars]

Country	Total loans	Interest rates of official lending for more than 1 year							
		Less than 1 percent and interest free	1 to less than 3 percent	3 to less than 4 percent	4 to less than 5 percent	5 to less than 6 percent	6 to less than 7 percent	7 percent and more	Not available
Austria	5.8						5.8		
Canada	14.0						14.0		
France	140.7	8.6	54.2	13.4	4.0	40.9	19.6		

Footnotes at end of table.

TABLE 7.—Interest rate structure of official bilateral loan commitments in 1962—Continued

[Millions of dollars]

Country	Total loans	Interest rates of official lending for more than 1 year							Not available
		Less than 1 percent and interest free	1 to less than 3 percent	3 to less than 4 percent	4 to less than 5 percent	5 to less than 6 percent	6 to less than 7 percent	7 percent and more	
Germany.....	315.0		1.0	137.3	30.5	127.2	19.0		
Italy.....	112.4			9.0	12.3	4.8	32.0	54.3	
Japan.....	183.0					65.3	54.4	41.4	21.9
Netherlands.....	17.3			8.7		7.2			1.4
Portugal ¹	39.4	1.4	7.0	3.1	22.3	3.7	1.4	.5	
United Kingdom.....	356.5	26.3				52.3	270.7		7.2
United States.....	1,700.0	988.0	30.0	117.0	106.0	452.0	8.0		
Total of above industrial OECD countries.....	2,884.1	1,024.3	92.2	288.5	175.1	753.4	424.9	96.2	30.5

¹ Gross disbursement data.

Source: "The Flow of Financial Resources to Less-Developed Countries, 1956-63", Organization for Economic Cooperation and Development, p. 152.

TABLE 8.—Interest rate structure of official bilateral loan commitments in 1963

[Millions of dollars]

Country	Total loans	Interest rates of official lending for more than 1 year							Not available
		Less than 1 percent and interest free	1 to less than 3 percent	3 to less than 4 percent	4 to less than 5 percent	5 to less than 6 percent	6 to less than 7 percent	7 percent and more	
Austria.....	0.9			0.9					
Belgium ¹	3.1	1.8		1.3					
Canada.....	81.6						81.6		
France ¹	174.1	1.4	45.6	55.7	2.8	53.7	14.3		0.6
Germany.....	523.5		14.0	279.0	16.0	146.0	64.5	5.0	
Italy.....	140.3				2.3	87.8	26.3	23.9	
Japan.....	218.1				4.5	132.0	81.4	.2	
Netherlands.....	20.6			2.9	2.6	13.7			1.4
Norway.....	.5								.5
Portugal.....	44.7			42.0	2.7				
Sweden.....	2.2		2.2						
Switzerland.....	5.8				5.8				
United Kingdom.....	240.7	6.6	50.8	9.8	1.6	166.5			5.4
United States.....	1,515.0	1,040.0	75.0	112.0	3.0	283.0	1.0	1.0	
Total of above industrial OECD countries.....	2,971.1	1,049.8	187.6	503.6	41.3	881.7	269.1	30.1	7.9

¹ For Belgium and France, gross disbursement data have been used.

Source: The Flow of Financial Resources to Less-Developed Countries, 1956-63, Organization for Economic Cooperation and Development, p. 153.

Mr. GORE. I thank the Senator for his contribution.

I might suggest, if he does not mind, that it was upon a motion offered by him, the Senator from Ohio [Mr. LAUSCHE], and the Senator from Idaho [Mr. CHURCH], that the amortization interest rate after the grace period was raised from 2½ to 3 percent.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. I completely associate myself with the remarks the Senator from Tennessee has made. They are a partial and very effective answer to the Senator from New York [Mr. KENNEDY].

I wish to make a few comments on the Senator's time, because the Senator from New York must return to his office, and I have notified him that I wish to make certain replies to his speech. So far as are concerned his criticisms of those of us who have been voting to improve the foreign aid program by amendments, I completely disagree with his point of view.

In my judgment, those who are doing great injury to the foreign aid program of this country are those who have spoken this afternoon in support of the point of view of the Senator from New York, for they are among those Senators who have taken the position here in

the Senate that there should be foreign aid, at any cost, and have been in favor of granting great authority to the administration to run foreign aid in any way it wants to. They are the very Senators, these ardent advocates of blank-check foreign aid who for the most part have not supported those amendments. Some of them have not spoken. They have supported the position of the Senator from New York [Mr. KENNEDY].

Let me say to the Senator from New York that, in my opinion, it is those who are criticizing and opposing our efforts to improve the foreign aid program through necessary amendments who are doing great harm to the foreign aid program. We do not have to yield to the Senator from New York [Mr. KENNEDY], or the Senator from Utah [Mr. MOSS], or the Senator from Rhode Island [Mr. PASTORE], or the Senator from South Dakota [Mr. MCGOVERN], or any of the rest of them who, for the most part, have been voting for blank-check foreign aid as it comes from the administration, and who have failed to support our amendments in order to adopt reforms that foreign aid should have.

I say to my good friend from New York—and he knows we are good friends—that he has an obligation to come forward with a bill of particulars as to what we need to do to improve for-

ign aid, instead of making the general statement he makes in this speech of his, which I think is a statement of confession and avoidance—and he is a lawyer, and knows what I mean.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. As soon as I complete my charge.

Mr. KENNEDY of New York. I thought the Senator said he wanted some information.

Mr. GORE. Mr. President, I have yielded to the Senator from Oregon, after which I have agreed to yield to the Senator from Indiana. Then I shall be happy to yield to the Senator from New York.

Mr. MORSE. When the Senator says in his speech, "The foreign aid program has not been completely successful," I am glad he recognizes that. When he says, "There has been corruption," I am glad he recognizes that. When he says, "There have been abuses of other kinds in some of the recipient countries," I am glad he recognizes that.

He continues:

But if we consider the program as a whole—what is at stake, what has been accomplished—I believe we will conclude that it has been a significant success, and made a major difference in the security of the United States and the peace of the world.

Mr. President, I believe he needs a bill of particulars on that.

Let me say to my friend from New York that I believe it has been a success in some areas, and it has been a shocking failure in some areas; and the Senator from New York ought to be in here, working shoulder to shoulder with us, in trying to get some reforms adopted in the aid program to eliminate those abuses, so that he and I and the rest of us can go forward with a foreign aid program double the amount that we are now spending.

The Senator from Oregon, for the last few years, has said he is willing to vote for three times the amount of money now spent for foreign aid, if we will clean it up.

I wish to say that the first obligation of the Senator from New York is to help us clean it up first, before he comes to the floor of the Senate in what is obviously a blitzkrieg on the part of the administration to stop us from cleaning up foreign aid this year.

Now is the time, may I say to my friend from New York, that we ought to clean it up. Now is the time he should be supporting reforms in foreign aid, instead of giving us this very generalized speech, making a great emotional appeal for the morality of foreign aid.

I agree on its morality in principle. But I wish to say to the Senator, I cannot see how I can, support this foreign aid bill as it has come up here, when we cannot get any support from the administration to reform foreign aid.

I did not hear the Senator mention a thing about the evidence of the Comptroller General that has been submitted year after year in regard to the inefficiency, the waste, and the corruption in foreign aid.

Mr. GORE. Mr. President, I wish to reclaim the floor.

Mr. MORSE. The Comptroller General referred more directly to the military program, but I wish to say that economic aid, too, is wasteful.

Mr. GORE. Mr. President, I do not yield further, lest I get caught in this crossfire.

Mr. MORSE. Mr. President, I have not even looked at the Senator from Tennessee yet. I have only been looking at the Senator from New York.

Mr. GORE. I promised to yield, some bit ago, to the distinguished Senator from Indiana. Then I shall yield to the Senator from New York.

Mr. MORSE. The Senator has already yielded to the Senator from New York. I have lots more I wish to say to him, but I am willing to do it on my own time. However, I think it is only fair that he have an opportunity to comment on what I have already said.

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. GORE. Mr. President, I appreciate the remarks of the Senator from Oregon. I do not wish to be unfair to the Senator from New York, and I shall not so be, but I think those gems of the Senator from New York will be sufficiently imperishable that I may live up to my commitment to yield first to the Senator from Indiana; and I am sure

that the Senator from New York will use the time the better to prepare his response.

The PRESIDING OFFICER. Does the Senator from Tennessee wish to continue to speak?

Mr. GORE. I wish to yield now to the Senator from Indiana.

Mr. HARTKE. Mr. President, I asked the Senator to yield to me sometime before this last exchange started.

Mr. GORE. Does the Senator wish me to yield?

Mr. HARTKE. I would like for the Senator from Tennessee to yield to me for a comment on the original remarks which the Senator from Tennessee made.

Mr. GORE. I yield.

Mr. HARTKE. I gather that the remarks of the Senator from Oregon and the Senator from New York will probably be quite extended, and will not involve what I wish to talk about.

First, I commend the Senator from Tennessee for his outstanding analysis of the problem with regard to interest rates. I point out, for the information of the Senate, that before the matter is concluded, I intend to offer an amendment affording another opportunity for some of those who have, it is claimed, gutted this bill, to make equal—more equal, at least—the interest rates our American people are required to pay at home with those the people from some of the foreign countries concerned are required to pay. But that will come at a later time.

I wish to say that those of us who have asked certain questions, those of us who are really for the first time saying no to some of the things being asked in this bill, are following more or less what the distinguished Senator from Arkansas has stated. He has done this numerous times; I should like to try to pull it all together once more.

I think I can do this without taking too much time away from the fine deliberations of the Senator from Oregon and the Senator from New York.

There was a letter addressed to the distinguished majority leader [Mr. MANSFIELD] by the Secretary of State, Mr. Rusk, which said exactly the opposite of what he had said before in regard to how we got involved in Vietnam.

As we go through the hearings before the Foreign Relations Committee, we find a statement there by Hon. Dean Rusk, the Secretary of State, in which he makes this voluntary statement—and this is not in answer to any specific question, but it is a voluntary statement, made by the Secretary of State, during the hearings on the supplemental foreign aid bill.

He asks this question, in bold type: "Why are we in Vietnam?"

Then he says, on page 567:

It is this fundamental SEATO obligation that has, from the outset, guided our actions in South Vietnam.

Here is the remarkable portion of what has always been admitted, and what causes all of the difficulty for so many of us who are now questioning this legislation. On page 568, he voluntarily states—and I am quoting from the hearings:

On October 1, 1954, President Eisenhower wrote to President Diem, offering "to assist the government of Vietnam in developing and maintaining a strong, viable state, capable of resisting attempted subversion or aggression through military means."

This is a voluntary reference to a letter from the President of the United States, President Eisenhower, to President Diem. The thing about it is that it is pulled out of context. It does not point to the true facts.

The true fact is that when you read that letter, the message to President Diem was a commitment on foreign aid, which got us involved in Vietnam. This was the whole point of it. This is the origin of it, and there is no language to the contrary which denies it.

In fact, the Secretary of State, Mr. Rusk, before he became confronted with this problem that it would affect the foreign aid bill, said differently at Las Vegas, and that is why the Las Vegas speech is so important. The distinguished chairman of the Foreign Relations Committee has put that in the record.

But let me read the portion of that statement from President Eisenhower which they do not like to discuss at this time. It is in the background information relating to southeast Asia and Vietnam:

The Secretary advised the 89th Congress, the Second Session, "the purpose of this offer"—

This is the offer of foreign assistance, right in this letter—

"is to assist the Government of Vietnam."

You see, he has left out the purpose of the offer. The offer was a commitment on a condition. That offer of foreign aid and the offer of assistance was on a condition. The condition stated here was never met.

But we have gone ahead and put our military forces in to back up this offer. This cannot be denied. It is in the record.

I wish to compliment the Senator from Arkansas for bringing this to the attention of the Senate. If this is to be the reason for the foreign aid, and we are going to back it up with the lives of American boys, without help from any of the other nations of the world, I think it is high time we call all these people to question, and I will excuse the Senator from New York if he did not understand this full background. I think it is all right to criticize those of us who voted yesterday, but if he wants to have a study, let him have a study. But the time has now come to vote; he is not going to have time to make that study before the vote on final passage of this measure. As for myself, I, for the first time since I have been in the Senate, will cast my vote against it. I am not going to do it with any reluctance, nor am I going to change my mind with any arm-twisting or criticism.

Mr. GORE. Mr. President, I have been advised by the able junior Senator from New York that he will seek the floor in his own right. Therefore, I shall close my remarks in order that he may have an opportunity to respond to the

statements of the senior Senator from Oregon.

Just briefly, before doing so, since I have referred to interest rates, let me remind the Senate that on yesterday President Johnson held a press conference during which he was asked about high interest rates, slowdown in housing, and related matters. Somehow, from the President's response the impression that Congress was at fault seemed to be conveyed. Secretary Fowler, it seems, a few days ago asked Congress to take some action. As I examine the action he has requested, it is certainly minor if not innocuous. It might actually result in increasing interest rates, rather than in decreasing them.

Where does the fault, the responsibility for these unreasonably high interest rates lie? I should like to remind the Senate that President Roosevelt led this country through World War II with reasonable interest rates. President Truman led this country through the conflict in Korea with reasonable interest rates. Recently, President Johnson had an opportunity to appoint a man to the Federal Reserve Board, a man who would constitute the balance of power between the tight money advocates and those who wish a more reasonable structure and policy. What have we heard from the new man—tighter money, higher interest rates. It is impossible to conclude that this is not administration policy. The evidence is overwhelming.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. Mr. President, the Senator asked a question. Is it not true that officially it is our fault, and as a practical matter it is the fault of the President? That is the answer to the question.

Mr. GORE. Mr. President, I am not going to deny responsibility. Under the Constitution it is clearly the responsibility of Congress, but unfortunately this power has devolved upon the President and upon the Federal Reserve Board.

I do not wish to be supercritical. I plead for some relief so that fathers and mothers can build homes, so that communities can build community facilities, schools, hospitals, sewage disposal systems, and fresh water systems, and so that we will be able to stop this trend of concentration of the Nation's wealth into the hands of a mere few.

Who suffers from this policy? It is the people who need to borrow money to build homes and the people who must buy a refrigerator, a stove, and household appliances for their families. It is the people who must buy automobiles with which to go to work and the small businessmen who need to buy trucks and equipment to build buildings.

It is these people, the mass of our people, who are suffering from these policies. Yet we hear the cry in the Senate that we are wrecking the foreign aid program when we raise the interest rate on the foreign loans from 1 percent to 2 percent.

Ask the mother who comes to me and complains that she and her husband, the GI, cannot get a loan to build a home.

Ask those few who are able to obtain a home mortgage loan how much they have to pay under the table in discount rates. Even the discount rate is more than 2 percent.

Mr. President, lest I wax warm on this subject, I am going to exercise some self-discipline and listen to the junior Senator from New York.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. COOPER. Mr. President, I probably take my own life in my hands, by intervening in the debate between Members of the majority party. I have listened to the debate with interest and some joy. However, I do want to say that I think the Senator from New York has made a very notable speech this afternoon. There is no question that it was a good speech. It has stirred a storm. It has struck sparks and has caused some thinking.

Chiefly, I think it a good speech because he has turned the minds of Senators toward the original purposes of the foreign aid program—purposes which have been enunciated, as the Senator from Rhode Island said, by four Presidents.

I have had the honor of serving in the Senate when President Truman, President Eisenhower, President Kennedy, and President Johnson voiced the same aims which the Senator from New York has recalled so eloquently today.

Its purposes are to help other countries develop and advance the living conditions of their people. And it is in our interest to assist peaceful growth and association of free countries.

I do not think the Senator's speech should be interpreted as neglecting the necessity of reforms and improvements. Every time the foreign aid bill is debated some reforms are included and many are suggested. I pay my tribute to the Senator from Oregon and to the Senator from Arkansas for their efforts toward reform commenced several years ago. Others have proposed reforms.

In 1963 Congress agreed to an amendment which I submitted to establish a special committee similar to the one the Senator from New York proposes. It required an examination of the program in every country and a report whether aid should be continued or discontinued in specific countries.

This year the debate has taken a new turn. The war in Vietnam—and, of course, it overshadows everything else—has entered into the debate, ironically, as an argument to abolish or critically reduce foreign aid as a peaceful arm of foreign policy.

In saying this, I want to make it clear that I believe the cost of the war—approximately \$20 billion a year—must be considered as we vote on the total cost of this foreign aid bill.

I did not vote for the cut yesterday because I thought it was too large. However, I will vote for cuts that might be proposed in the days that follow in this debate, if they do not destroy the program.

Another factor has entered this debate and moves against the bill, which I do not

think valid in passing judgment on the merits of the bill. It is the resentment against the war in Vietnam and the opposition to certain policies of the administration.

Some in the Congress now argue that the United States has entered new fields of policy and action, internationally. They argue that the U.S. policy is to gain its objectives by armed power.

I have disagreed with some of the specific actions of the administration—the resumption and extension of bombing. I urged negotiation before we were so largely committed, and shall continue to do so.

But I do not believe our country, or the President, has adopted a policy of achieving its objectives by power and force.

If there are those who consider that such a new policy has been adopted by our country—and there are some throughout the world who believe it—then I would argue even more that we ought to support a reasonable program on foreign aid, to hold out a generous and peaceful hand to other nations of the world, and not foster the idea, either in Congress or in the country, or in the world, that the United States has changed its policy of friendship and association with other countries which we believe leads toward peace.

So I congratulate the Senator from New York on what I consider to be a speech which leads us back toward the true basis of our foreign aid program.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I will yield, but first I wish to say how much I appreciate the remarks of the Senator from Kentucky, who has not only had experience in the legislative branch of Government but also in the executive branch of Government, and in my opinion is so highly respected.

Mr. JAVITS. Mr. President, Senator COOPER and I talked about whether we should intervene. As he represents Kentucky, the buffer State, he has decided for both of us that we should.

I should like to say, very briefly, that I believe it is good and salutary and healthy to be called back to our origins.

As Senator COOPER has said, I have been in this program ever since the Marshall plan days. By tricks of fate, though I was the freshman on the Foreign Affairs Committee of the House of Representatives, I was one of the managers of the original Marshall plan bill, with Dr. Eaton, chairman of the committee.

I feel that we were particularly lucky with respect to the Marshall plan, in that that dealt with the impact of an enormous sum of money. We committed \$17 billion for 4 years, at a relatively narrow target of very highly industrialized and skillful people, and all the mechanics worked. I believe this is very illustrative and is a good object lesson of what the Senator from New York has been talking about, for this reason: We have a duty in this regard. That is really what he is saying.

I believe we have a duty, and to my mind the duty remains paramount, not

to let the gap between the poor and the less poor in any way grow so great as to be a moral outrage. That is really what we are engaged in.

In addition, we hope thereby to bring most of the nations into the technology of the modern day.

I might say to the Senator from New York that the trouble has been that we have been very inartistic, we have lacked initiative, we have lacked imagination in how this has been done, and we in Congress have been a lot to blame, in so harassing the successive administrations that they never really had the time and the disposition to get down to attempting to work out a better plan.

One of the reasons I am for a multi-year authorization—and I hope that is what will result from conference—is the sheer elementary ability to allow the executive department to catch its breath and to take a totally new look at a totally different plan for foreign aid. There are many component parts of that, especially the private enterprise part. I am grateful to Senator FULBRIGHT for having worked constantly with me over the years in the repeated private enterprise amendments, in the effort to bring private enterprise into effective participation in the foreign aid program, which has not yet been done.

I might also say that other ideas, like the executive service corps of our older executives, the greater utilization of the Peace Corps and of technical assistance generally, the idea of consortia of receiving nations as well as consortia of giving nations—all these ideas have not adequately been explored.

Finally, I point out that foreign aid cannot stand alone. The world today is hung up on a cross of gold, in terms of international trade. Britain is having tremendous problems with the pound. Unless contemporaneous efforts are made to help to deal with those massive problems, no amount of foreign aid would help in many of the underdeveloped areas.

Yet, there has been enormous progress. There would not be even this much of a gap between the rich and the poor—the gap would be infinitely greater—had it not been for foreign aid.

I therefore say this to the Senator from New York: I believe the burden upon him and others who have spoken in general support of that position is not to show that this method is the best, that it is the optimum, that it has been completely successful everywhere it has been used. It is to show that it is necessary, and to show that on balance we are better off doing it than not doing it. I think the burden has been overwhelmingly maintained by the people on our side. I beseech those who are the most ardent opponents of it, whether they have in mind the arguments Senator COOPER has said they have in mind—opposition to the Vietnam war or the traditional opposition to foreign aid—or whatever motivates them—to recognize the intelligence of giving an interregnum of some form of multiyear authorization which would allow us at least to be able to ask, with reason, for a totally different

approach, for a different way of handling it, for a more efficient and a tighter ship than has been run up to now.

But even with the losses we have had—I believe that we are probably wasting somewhere in the area of 10 to 20 percent of foreign aid—on balance it is still absolutely indispensable to the future of America, to the security of America, and to America's moral obligation to the world.

I join my colleagues in expressing to the Senator from New York, as his colleague, my satisfaction that he has sparked debate upon this high level of the basic principles which it is always necessary to repair to.

Mr. KENNEDY of New York. I appreciate the remarks of the senior Senator from New York. He has said in an eloquent way what many of us have tried to say over some period of time.

The Senator from Oregon has made some statements about me, and I believe he will have more to say about me in a few minutes. I wish to take a little time to talk about some of the remarks he has made. I also wish to refer to something that the Senator from Indiana has said.

I have been accused of many things in my life, and the Senator from Oregon said that I was participating in a blitzkrieg with the administration. That is the first time I have been accused of that, and I thank the Senator from Oregon. Since I have been in the Senate, I have never heard that said about me.

Mr. MORSE. I did not make the speech. The Senator from New York did.

Mr. KENNEDY of New York. I believe that the Senator from Indiana spoke about the fact that the aid program and the aid or assistance that has been given to Vietnam might have caused the difficulty that we face in Vietnam at the present time.

I said earlier that if we look back upon the mistakes that have been made over the period of the last 10 years in Vietnam, perhaps by each administration, I believe that if we examine that—even though the Senator from Indiana disagrees with some of the things that are going on in that country now and what we are doing, as I do—I do not believe that we could honestly reach the conclusion that the fact that we gave aid or assistance to that country played a major role.

But even assuming that it did, we should go back to the fact that we gave aid and assistance to France after the Second World War. I believe that was worthwhile. We gave aid and assistance to Germany. We have given aid and assistance to many countries around the world, and this has not involved us in conflicts. It was in our national interest at that time, and it is in our national interest now.

Even assuming that the Senator from Indiana is correct, the fact that we became involved does not seem to me sufficient basis to cut off our whole aid program and to say that our aid program is not effective, any more than because we have not been successful completely in every military program we should de-

cide not to have a military program in the United States.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. HARTKE. I did not say that it was the aid program and it was the intention of the aid program, but that President Eisenhower wrote a letter to have us involved in the war.

Mr. KENNEDY of New York. I understand that.

Mr. HARTKE. The point was that it was the Secretary of State—the now Secretary of State, in 1966—who has said that the reason that we are there and the reason for the escalation in the continuation of this effort there on a military basis is the commitment which was made by President Eisenhower.

What I pointed out was that there was an obvious omission rather than an intentional oversight. It is hard for me to see how anyone could miss the first few words of a paragraph which was inserted into the supplemental authorization hearings before the Committee on Foreign Relations.

Just before these hearings the Secretary of State went to Las Vegas and stated that one of the reasons we are in Vietnam is because of the aid program which started with this commitment by President Eisenhower in 1954.

I do not want to vote foreign aid money with the thought you are going out there and do what I have seen done in Liberia. There I saw the young doctor go in there at \$3,900 a year helping lepers. That is wonderful. I am for that. I am for feeding the hungry and educating the uneducated. But I am not for going ahead and giving many amounts in a foreign aid authorization in which the Secretary of State under this administration, who is to administer the program, says that this is the reason for us to be involved in the internal affairs and in the determination of the future of those people. I think that is wrong. I do not want to be a part of it. I do not ask the Senator from New York to make up his mind. He can cast his vote if he wishes. I do not want anyone to say that I have had a change of heart or attitude until this administration indicates that they are going to change their policies. I do not want to be a part of it.

I want to bring a peaceful settlement in Vietnam. I would like to see the money in foreign aid used for peace. I would like to see it used to build human bodies and human life and not to see it destroy human bodies and human life.

Once we come back to a program of building I will be for it, and not for 1 year but for 4 years—as my dear friend from Pennsylvania [Mr. CLARK] advocates, who is looking at me.

But I do not want to be there today under a program which is dedicating itself to a policy that I cannot subscribe to in any form whatsoever.

(At this point, Mr. GORE assumed the chair.)

Mr. CLARK. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I should first like to make a comment on the statement of the Senator from Indiana.

I think that we can all reach our conclusions as to why we are involved in Vietnam, and as to when mistakes were made. I do not think that anybody in the Senate feels, even if we disagree with what is going on in Vietnam, that it was the fault of President Eisenhower, or that it all goes back to the fact that we should not have given assistance.

Maybe that was a contributory factor, but certainly it was no more than that.

Moreover, the bill includes on page 2 a statement which places the Congress on record that—

The furnishing of economic or military assistance is not to be construed as creating a commitment, or as affecting any existing commitment, to use U.S. armed forces to defend another country.

I should like to ask the Senator from Oregon [Mr. MORSE] a question in connection with some of the matters about which he spoke. The Senator said that I had not set forth any specific ideas about foreign aid. The Senator remembers that I made a speech on Latin America which the Senator from Oregon [Mr. MORSE] was kind enough to remark about, in which I set forth my thoughts in connection with Latin America. The Senator was kind enough to comment on that speech because I pleaded for some of the programs in connection with suggestions I have in the field of foreign affairs. I would be glad, if the Senator would be interested, in sending him a copy of that speech.

Mr. MORSE. I can almost quote it to the Senator. It is not applicable to the criticism that I made of the speech.

I am asking the Senator to make a bill of particulars with reference with what he proposes to do about abuses. I have made references to abuses in foreign aid which I think must be cleared up before there is voted additional millions of dollars of taxpayers' money, for a large part to be wasted again.

Mr. KENNEDY of New York. May I ask the Senator a question?

Mr. MORSE. Yes.

Mr. KENNEDY of New York. I understand that a number of those who voted for cuts over the last 48 hours, and a number of those who made statements, said they were in favor of the principle of foreign aid, and that they were in favor of increasing it if it were handled in a different fashion.

Would the Senators who feel that way be willing to offer an amendment on the floor of the Senate that many of us could support—such as the Senator from Oregon, who studied this matter for a long time—increasing assistance in foreign aid and with, perhaps, the safeguards that the Senator feels are necessary?

Would the Senator from Oregon be in favor of increasing the appropriation for aid by a billion dollars?

Mr. MORSE. I do not know whether it would be by a billion dollars. I do not know whether they could wisely spend that much money in 1 year. But that avoids the major premise of the Senator from Oregon.

Mr. KENNEDY of New York. Mr. Woods said they could use \$3 or \$4 billion more. That is an international organization.

Would the Senator from Oregon and the Senator from Arkansas [Mr. Fulbright] and others be in favor of offering an amendment to the Senate increasing aid by a billion dollars and having it administered through IDA? I would support that.

Mr. MORSE. I would vote to increase the program for IDA in whatever amount they can show on a plan that they submit to us that they can wisely spend. There would first have to be a condition precedent adopted in this entire foreign aid program, and that is that we eliminate abuses. The Senator admits that there are abuses in the foreign aid program.

I am not going to vote to increase foreign aid or vote for giving the President this foreign aid bill until they first clean up foreign aid. That is the first thing that should be done.

Mr. KENNEDY of New York. Why does not the Senator offer the amendments? If they are accepted, fine. That is, the amendments that clean it up.

Mr. MORSE. If the Senator—

Mr. KENNEDY of New York. If I may complete my statement. They could be offered up or down, but at the same time, if the Senator from Oregon is in favor of foreign aid, he could offer an amendment and perhaps join with the chairman of the Committee on Foreign Relations—joining with him and offering an amendment to increase foreign aid by \$1 billion and have it go to IDA.

Mr. MORSE. Is the Senator finished?

Mr. KENNEDY of New York. Temporarily.

Mr. MORSE. I know that the Senator has a good memory, but he is forgetting. The Senator from Oregon has stood on this floor for some 3 or 4 years now offering amendments to try to get reforms in foreign aid. I say regretfully on many of those occasions I did not have the vote of the Senator or many other Senators, other Senators who are objecting because we succeeded in cutting the foreign aid bill yesterday.

I think that what we need to do first is clean up the foreign aid bill and then enlarge the foreign aid money that we appropriate for it.

Mr. KENNEDY of New York. I would be very impressed if those members of the Committee on Foreign Relations who study this problem and find difficulties with foreign aid as it is presently administered would come in with a program—either the chairman of the Committee on Foreign Relations or the Senator from Oregon, who says he would be in favor of increasing foreign aid—and offer those amendments to increase the foreign aid on a basis which would be acceptable.

I have not seen the amendment, at least not in the last few days, saying that they would increase it under these circumstances.

Mr. MORSE. Last year we came before the Senate with a committee report which set out a bill of particulars for needed reforms. That is why we offered the Fulbright-Morse amendment to

amend the foreign aid bill in 1963 which proposed a 2-year period to get reforms.

We got it through the Senate. It was lost in the House. Who blocked it in the House? The Johnson administration blocked it in the House. If we could have gotten that reform program adopted, the Senator from New York and I—I am willing to venture—would not be having any difference of opinion tonight, because our objectives on foreign aid are the same. I am simply not going to go along with him, however, in voting for the request of the administration to continue foreign aid which will only waste additional millions of dollars of the taxpayers' money.

I am going to set forth, on my own time, shortly, my reasons for that, and I should like to have the Senator from New York in the Chamber when I do. I think that we have an obligation, first, to adopt procedural reforms in the Senate along the lines of the recommendations of the Comptroller General in the stack of adverse reports which stand better than 24 inches high.

Mr. KENNEDY of New York. Let me say that it would be helpful to me if the Senator from Oregon came in with a positive program—to include in an amendment—not just dealing with what he feels are imperfections in the program in the past, but what he thinks would be the kind of foreign aid program the Senator says he is in favor of.

Mr. MORSE. I have said it with a multiplicity of suggestions—

Mr. KENNEDY of New York. If the Senator will permit me to finish—would he?

Mr. MORSE. Go ahead.

Mr. KENNEDY of New York. Perhaps an appropriation of \$4 billion would then be satisfactory to the Senator. I should like to see that from members of the Committee on Foreign Relations who support some of these cuts.

Mr. CLARK. Mr. President, will the Senator from New York yield?

Mr. MORSE. No; I am going to reply to the Senator from New York.

Mr. KENNEDY of New York. But I have the floor. Of course, I want the Senator from Oregon to have every chance and opportunity to reply.

Mr. MORSE. On my own time, I shall do so. I hope that the Senator will be in the Chamber, so that I can reply to him in detail.

Mr. TYDINGS. Mr. President, will the Senator from New York yield?

Mr. KENNEDY of New York. Mr. President, I still have the floor, and I am happy to yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I realize that we would all like the administrative operations of the Government to be beyond pale and beyond criticism. However, to take the position taken by the Senator from Oregon that he is going to oppose the entire program because the administrative improvements recommended by the General Accounting Office have not been adopted seems to me to be inconsistent.

On some of the major legislative fights I have been side by side with the Senator. I refer specifically to the fight in which the Senator from New York and

myself both supported the Senator from Oregon, involving aid to dependent children of unemployed parents in the District of Columbia.

The prime reason why we lost, I might add, is that the Senator from West Virginia [Mr. BYRD] was able to bring forth a preponderance of evidence of 2 or 3 years ago, based upon General Accounting Office examinations of the program in the District of Columbia, that there had been extremely poor administration of the program, so poor indeed that a majority of Senators disagreed with the Senator from Oregon, the Senator from Maryland, and the Senator from New York in our efforts to have it instituted regardless, because we thought that the children of the District of Columbia deserved some help even if there was some poor administration going on in the Welfare Department of the District of Columbia.

We are talking about foreign aid, not just some children in the District of Columbia. We are talking about children on the verge of starvation in many areas of the world. It occurs to me that the argument is not entirely consistent on the part of the Senator from Oregon.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. I do not want to take too much time but with regard to the specific proposal I have already mentioned, I approve of that and the Senate has already approved our providing some aid through IDA. There are provisions in this bill relating to additional aid through the multilateral agencies. I would be willing to provide more aid through the United Nations Special Fund. IDA happens to be ready, willing, and available for this purpose.

The purpose was to develop, in the first instance, a technique and method by which we could make available larger sums than our regular contribution, and they could administer it through IDA, without upsetting its international character.

It is a serious problem. I have talked about it to both Mr. Woods and Mr. Black on several occasions.

I would be willing to join the Senator in an amendment, if he wishes to propose one, to make our bilateral development funds available to IDA. I do not think we will get anywhere with an abrupt approach of that kind, but I will support it. I only took the more modest approach because I thought it more likely to succeed. It was approved during the authorization process but it did not succeed when it ran into the traditional opposition of the Appropriations Committee of the House. The administration was lukewarm about it. I think they might have influenced that committee. Certainly, I could not. But I do not think I made it clear in my statement that AID's trouble is not just a relatively minor thing—there are some serious defects primarily in judgment—which afflict this program. It is the natural character of it.

I do not believe, even if we had better administration today, that I could continue to support a bilateral—unilateral, really—program for intervention in so many countries. Aid should be on a multilateral basis, for the same reasons that the United Nations is more capable than the United States in assuming the role of world policeman.

It is too late for the United States to assume the white man's burden, to try to step into the shoes of Great Britain during the last century, but I think that we want to be doing something in that direction. I disapprove of it. I think that we should rely on the United Nations in that field. We should use the international organizations for the dispensation of aid.

I simply do not approve of this great country continuing to intervene unilaterally in the affairs of other countries through aid, or through any other means, for that matter. However, aid happens to be the subject under consideration. And we have had millions of dollars wasted under this program, but this is inevitable in view of the process by which our aid is dispensed.

Mr. KENNEDY of New York. I appreciate the remarks of the Senator from Arkansas. The Senator from Arkansas is very highly regarded in this body—especially by me. His views on this subject carry much weight with me. I do not know if it is appropriate to ask the Senator from Arkansas this question. He has been studying this subject. Let me say to him that what I am concerned about is the fact that those who feel they are for foreign aid but do not like the present administration combining with those who are against foreign aid anyway, are going to represent a majority of the Senate, and will continue to represent a majority of the Senate.

The foreign aid program, in my judgment—even though I think changes should be made—has been to our overall interest and the interest of the rest of the world, and will be for the next generation. It should continue, but that program is going to continue to be cut particularly if no major effort is made for better administration.

But what I was going to ask the Senator, was if it would be appropriate for the Senator from Arkansas, as chairman of the Foreign Relations Committee, not this year, perhaps, to come to the Senate with a program that he would accept which would be in the magnitude he has described during the course of the exchanges in this Chamber this afternoon, and which he would also feel would be acceptable to a majority of Senators, or would be acceptable to those in the Senate who are basically in favor of foreign aid, so that the Senator from Arkansas can join with the rest of us who are anxious to have foreign aid but have seen it whittled away as it has been over the period of the last few days. Could that be possible, for the Senator from Arkansas to come in and make a specific proposal?

Mr. FULBRIGHT. Not this year. I want to refer to one other point to which I referred a moment ago. I do not wish to leave any illusions about the effect of the Vietnamese war. This is the culmination of a long period of incubation, if

you like. I do not wish to review the war since it began, but it had its inception even before the administration of President Eisenhower. It had its inception in 1950, with intervention in favor of the French. It has been a long time growing.

The Government of the United States, including the President, the Vice President, and the Secretary of State, have made statements in recent weeks that have been, to me at least, extremely distressing. I am very concerned about them. I believe the President's most recent speech—the one made in West Virginia—appears to me to mean—that our Nation is moving toward unilateral intervention in Asia on a permanent basis.

The Vice President has described on two occasions our unilateral responsibilities in this area—not those of the United Nations or regional organizations. This seems like a revival of Pax Britannica; only it is Pax United States. This is a very serious involvement. It is intertwined with our aid program. This point will have to be clarified if I am going to continue to support the program. The utilization of the international organizations for providing aid removes at least one of the strongest temptations and inducements to the expansion of the ambitions of this country. I do not like to see this country go down the road that other great nations of the world have gone. It is a great temptation, because we do have the physical power to do so.

Mr. KENNEDY of New York. I am not questioning what the Senator has said.

In view of the serious way this is taking its course, I think it would be helpful to the rest of the Senate—I know it would to me—if Senators who have studied this program for a long time and are acquainted with it and who have serious reservations about it, were in a position, at some future time, to make specific legislative proposals as to the kind of program that they would think would be acceptable to them. The exchanges had with both Senators indicate that that might be desirable.

Mr. FULBRIGHT. I may say to the Senator from New York that this cut is not as serious as it may seem. We must go to conference, and the probability is that the amount will come out larger than it now is. I think the cut has been grossly exaggerated in the press.

Mr. CLARK. Mr. President, first let me say I strongly support the position of the chairman of the Foreign Relations Committee in favor of multilateral aid as opposed to bilateral aid.

I would hope very much, as a result of the colloquy of the chairman and other members of the Foreign Relations Committee, that there will be brought before this body, if not during the consideration of this bill, then before Congress adjourns this year, a proposal to increase our Nation's contribution to IDA by a minimum of \$1 billion. I would be glad to join in that request.

I do not know whether we could get it through the committee, or through the Senate, but we ought, in good conscience, to try.

Second, I have been impressed by the fact that so much of the criticism of the foreign aid bill has been directed against

the administration of the AID program, which does not readily lend itself to a remedy through the legislative process. The position of some Senators has been, "We do not like the way the program is being administered. Therefore, we are going to cut it back."

Last year, by a vote of 78 to 1, the Senate adopted an amendment proposed by the Senator from New York [Mr. KENNEDY] and myself saying that it was our responsibility to close the gap between the economically privileged nations and those trying to achieve a developed economy.

I share the belief of the Senator from New York that the gap between promise and fulfillment, between hope and fulfillment, is growing wider rather than narrower.

While this body does not deserve the sole responsibility for that situation, it shares in the responsibility for it.

My hope is that the speech of the Senator from New York will be the opening gun in a campaign to awaken the conscience of Members of this body to the recognition that it is our duty to share in the responsibility to help the underdeveloped nations of the world.

I have no illusions that we will be able to awaken the conscience of the Senate today. That will have to wait for some years because of the atmosphere in which the foreign aid bill has been considered this year and in recent years.

I have read with interest the speech of the Senator from New York. I am in complete agreement with it. I think that the request for foreign aid funds made by the administration was inadequate. That inadequate request is now being cut back by the Senate.

I could go through the speech of the Senator from New York [Mr. KENNEDY] paragraph by paragraph and express my complete accord with the position which he takes, with the disappointment which he feels, with the urgency of conscience—and a well developed conscience—which he feels because of the failure of the Senate to do its duty to the American people and to the people of the underdeveloped parts of the world. But that would probably be redundant, because the Senator from New York has said it so well.

I invite the attention of the Senate to an amendment, No. 682, intended to be proposed by the Senator from New York and me, which we may call up at a later time during the debate, merely to intensify the debate on this question of conscience, on this question of duty, and on the question of the obligations of the richest country the world has ever known, and involving the moral principles of the great religions of the world.

Mr. President, I ask unanimous consent that the text of amendment No. 682 be printed in full at this point in my remarks.

There being no objection, the amendment (No. 682) was ordered to be printed in the RECORD, as follows:

At the end of the bill add the following:

"CHAPTER 3—MISCELLANEOUS PROVISIONS

"Sec. 203. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended,

which relates to miscellaneous provisions, is amended by adding at the end thereof the following new section:

"SEC. 650. AUTHORIZATION FOR AGGREGATE APPROPRIATIONS.—Notwithstanding any other provision of this Act, there is hereby authorized to be appropriated for use in the fiscal year 1967, for furnishing assistance and for administrative expenses under this Act, an aggregate amount equal to 1 per centum of the estimated gross national product of the United States for the preceding calendar year as determined by the President. The supplemental authority provided in the preceding sentence shall take effect when (1) the President determines that the expenditure of such additional funds would be in the national interest and (2) transmits a report setting forth the reasons for such determination to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives."

Mr. CLARK. Mr. President, the amendment provides that notwithstanding any limitations on the authorizations which are contained in other sections of the bill, the President shall have the power to authorize the expenditure of additional funds up to an amount equal to 1 percent of the estimated gross national product of the United States, after he has come before the Committee on Foreign Relations and the Committee on Foreign Affairs and explained why the expenditure of such additional funds would be in the national interest.

In the report of the Committee on Foreign Relations on this bill, I undertook to set forth my individual views. I ask unanimous consent that those individual views may be printed in full at this point in the RECORD.

There being no objection, the individual views of Mr. CLARK (Rept. No. 1359) were ordered to be printed in the RECORD, as follows:

6. INDIVIDUAL VIEWS OF MR. CLARK

Despite my dissent from a number of amendments made in the committee—in particular, the increase in interest rates, the elimination of 5-year authorizations, and the country number limitations—I joined in voting to report the economic assistance bill. My sole purpose in filing these individual views is to express my deeply felt concern and disappointment about the growing disparity between this Nation's dwindling foreign aid effort and the world's increasing need.

During the height of the Marshall plan, more than 15 years ago, the United States annually devoted nearly 2 percent of its gross national product to foreign economic assistance. The program authorized in the pending bill is roughly one-sixth as large, or about one-third of 1 percent of our GNP.

This sharp cutback is justified neither by a decrease in the need for foreign aid, nor by a reduction of this country's capacity to support a foreign aid program. The very opposite is the case on both counts. Our gross national product was \$260 billion in 1949. Estimates for 1967 are in the neighborhood of \$720 billion—more than 2½ times as great. Meanwhile the need for foreign aid, spurred by the worldwide population explosion, has grown progressively more acute. It is a cliché to observe that the rich nations have been getting richer and the poor nations have been getting poorer—yet that is precisely the case. Nearly a billion human beings, most of them inhabitants of Asia, Africa, and Latin America, have an average annual income of less than \$100. The figure for the United States is more than 25 times larger.

In order to prevent the gap between the need and the effort from widening still fur-

ther, I offered an amendment in the committee granting authority to expend up to 1 percent of our GNP for foreign economic aid. This amendment was designed to implement a recommendation made by the Committee on Technical Cooperation of the White House Conference on International Cooperation, and is consistent with the United Nations resolution which calls on all developed countries to devote 1 percent of their GNP for development assistance. Fourteen votes were cast against the amendment; only one, my own, was cast in favor.

In part I suspect that our backsliding since the days of the Marshall plan has been due to the unrealistic expectation that the need for foreign aid would shortly come to an end. This is simply not going to happen. As James A. Perkins, the distinguished president of Cornell University and Chairman of the President's Advisory Committee on Foreign Aid has written: "We are not discussing a problem to be solved in a year or even a decade. We must consciously adopt a program that will last for the rest of the century—and perhaps into the next. The annual debate on the continuation of foreign assistance is both absurd and misleading. It only confuses our purposes, increases impatience, obscures the issues, and inhibits success. We might as well have an annual review of the wisdom of having a public school system."

I wholeheartedly agree.

It seems to me that a sharp distinction should be made between our foreign economic aid programs and our foreign military aid programs, and for that reason I am pleased that the committee has chosen to report out separate bills. In my judgment the committee has been almost as generous with military aid as it has been niggardly with economic aid. I do not question the need for military assistance programs, but rather the emphasis. In the long run we shall measure both our security and the extent of the acceptance overseas of American principles of freedom and democracy not by the value of the armaments we have given away but by the extent to which the underdeveloped nations of the world have, with our help, achieved a better life for their people.

JOSEPH S. CLARK.

Mr. CLARK. Mr. President, in that regard, I should like to stress what the Senator from New York has said: The amount of 1 percent of our gross national product is far less than what the United States was spending at the time of the Marshall plan in order to relieve distress in the rest of the world. The amount of 1 percent was not plucked out of the air; it specifically implements a recommendation made by the Committee on Technical Cooperation of the White House Conference on International Cooperation, held last November and December, to which I had the privilege of being a congressional delegate. It is, moreover, consistent with the United Nations resolution which calls upon all developed countries to devote 1 percent of their gross national product for development assistance.

In order that the gross amount involved in the amendment which the Senator from New York and I intend to propose may be understood, it would be roughly \$7 billion. That is 1 percent of our gross national product for this year, whereas we used to spend from 2 to 2½ percent of our gross national product.

It is on the basis of these facts that I make the comment that I do not believe either the administration or the Senate has done its duty to our own citizens and

to the people of the underdeveloped parts of the world.

I close by again commending the Senator from New York for the splendid speech he has made. I also commend Senators who take a different view, because for a few brief hours this afternoon the Senate has engaged in a debate worthy of its great traditions.

I thank the Senator from New York for yielding.

Mr. MORSE. Mr. President, I shall make only a few comments tonight about the speech of the Senator from New York, but I shall address myself to it at greater length tomorrow.

I wish to ask unanimous consent to have printed in the RECORD at the conclusion of my remarks, Mr. President, certain sections of the committee report of last year, minority report of last year and my minority report of this year on foreign aid, which set forth a good many of my proposals for reform in foreign aid, and explain why I have not supported foreign aid.

The PRESIDING OFFICER. There being no objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. We had better take a look at the present financial status of the bill. The President sent to us a request for economic aid of \$2,469 million. The Foreign Relations Committee reduced it to \$2,352 million. As of now, it is reduced to \$2,102 million.

That is a far cry from scuttling the bill, may I say to my friend from New York. It leaves a substantial amount for foreign economic aid in the bill.

Nor is this the only form of aid. We have many other aid channels that bring the total at least to \$5 billion this year.

Of course, what the Senator from New York and the proponents of the administration's program want is that when the President of the United States sends up a bill for \$2,469 million, the Senate should automatically rubberstamp it. But then he loses me on that approach, too. We have a responsibility, in the Foreign Relations Committee, to analyze the President's requests, and we have a responsibility here in the Senate to analyze the recommendations of the Foreign Relations Committee. That is what we are doing.

I can well understand that those who were defeated in the votes feel that they should have won; but apparently they belong to a group that is not accustomed to being defeated. They should sit in my seat for awhile, and defeats would not upset them that much. What they would be concerned about is whether or not, when they are defeated, they are right or wrong, and try and try again.

I shall continue to press, may I say to my friend from New York, for the reforms in the administration of foreign aid for which I have been pressing for several years; and I shall not vote for large appropriations for foreign aid until we can get some efficiency in it, and some of its admitted great mistakes and the corruption in foreign countries resulting from it can be stopped.

The appropriation request for 1966, for the economic aspects of foreign aid, was \$2.463 billion. I respectfully submit

that when we consider the financial problems that confront this country today, we certainly owe it to the American taxpayers to appropriate at least \$400 million to \$500 million less for foreign economic aid this year than we appropriated last year. Somebody had better start thinking about the American taxpayer's rights and interests in this matter, to have some protection and say something about what the American taxpayer is entitled to by way of a domestic aid program, which he is not going to get if we follow this administration's program.

Take military aid. Last year the military appropriation of 1966 was \$1,170 million, including Vietnam. This year, the administration is requesting \$917 million, not including Vietnam, which means a greater amount of money than asked for last year, when we take into account Vietnam.

The Foreign Relations Committee has reduced the military aid program to \$892 million, which is not enough. As my minority report indicates, I shall ask for further cuts.

But I give these figures for the RECORD because it is my answer to the Senator from New York, whose speech, I am sure, will go out over the wires as indicating that the U.S. Senate, by the amendments that it has adopted, has in some way scuttled the economic aid bill. Mathematics do not sustain the Senator.

Mr. President, I hear not a word from the Senator from New York, in his speech, about the need for a domestic aid program in this country. I wonder if he will support the administration in its denial to the people of this country of what they are entitled to have to protect their rights under the Great Society promises of the Johnson administration.

We in the United States are experiencing very serious domestic problems, and our tremendously complex industrial society probably complicates rather than mitigates them.

We, too, are experiencing a population explosion, as they are in some of the countries for which the Senator from New York wishes to increase our appropriations for foreign aid. We, too, are experiencing the rot of cities incapable of managing a rapidly changing social and economic structure. In Latin America, the beautiful and largely central city areas are increasingly ringed with a strangling urban jungle of shacks and slums, while in the cities of America, the central core has become the economically distressed area as wealth moves out into the suburbs.

The manifestations, I admit are different; but the difficulties faced by the underprivileged of America are much the same as are being faced by the foreign lands with which the Senator is dealing this afternoon, in an attempt to get us to appropriate more and more millions to assist them, while this administration proposes to cut millions and millions more out of a domestic program for our own people, and thereby, in my judgment, in effect place a greater emphasis upon a foreign aid program than a much-needed domestic aid program.

These are the mechanical problems of

rapid social and economic change. The human problem that gives rise to them is not only one of numbers but of another quality we have too long attributed to underdeveloped countries—the revolution of rising expectations. That exists in the United States as well as in Latin America or Africa or Asia.

The expectations of racial minorities in the United States have reached an explosive point. The legislation of 1964, which was a monument to human equality unequalled since the Emancipation Proclamation, has been enacted but has not been realized. As we support the Johnson administration's proposal to cut our domestic budget, are we going to deny to hundreds of thousands of Negroes in this country the domestic aid that they are entitled to now, in order to meet their problems, which are very similar to the problems of underprivileged people in some other countries?

But I think, Mr. President, if we are going to keep this Republic strong, if we are going to protect the greatest security weapon we have, namely, our economy, we must take care of the domestic problem first. Until the administration is willing to adopt the reforms necessary to clean up foreign aid, it ought to be considered secondary to a domestic aid program needed in this country.

Mr. President, the legislation on civil rights of 1964 is far from having been implemented. It has been our custom to read of unrest and riot among young people in Mexico, or in Indonesia, or Colombia. Now we read daily of unrest and riot in Cleveland and Chicago, and the indications are that the trend is growing and not diminishing.

Our problems at home will require massive capital investment to cope with them. There is a limit, Mr. President, to which we can take from the taxpayers of this country. In the field of education alone, and this is where the attack must begin on all the other forms of poverty and racial injustice, we no longer think in terms of millions but in terms of billions.

The Senator from New York sits on my subcommittee. And let me say, on my subcommittee, he points out the great problems that confront him in the State of New York. He has been urging that our financial definition of the poverty limit be raised from \$2,000 to \$3,000.

I am supporting him. The Johnson administration proposes to cut it. The Secretary of Health, Education, and Welfare and his associates are spending hours these days up on the Hill, lobbying to cut it. The administration lobbyists over at the State Department are up here lobbying to increase the amount of the foreign aid bill in order to take care of foreign problems, while at the same time they propose to sell short the problems of the underprivileged and the impoverished here at home.

I say to the Senator from New York that he would make a much stronger appeal to me if he were to do two things, first, if he were to leave no room for doubt as to where he stands on the need for a domestic aid program, and also where he stands with regard to support-

ing the necessary policy guidelines in the foreign aid program to make it effective.

We had an example this afternoon of where he stands when he voted against a check on assistance to the many tyrants, dictators, and juntas in Latin America, where little of our aid benefits the people.

If the Senator from New York is interested in cleaning up foreign aid, he should have voted with me and not against me on this program. The Senator from New York knows very well that when we give these millions of dollars to military dictators in Latin America, we are not protecting the American taxpayers, and we are not protecting these underprivileged people in the country concerned. We are doing them a great injustice. If we want to support the freedom of those underprivileged people in those countries ruled by the tyrants, we would not do what the Senator from New York did this afternoon and vote to give to the President of the United States unchecked arbitrary and discretionary power to give them foreign aid after he recognizes them. Yet there is nothing that Congress can do about it in view of the position that the Senator from New York took on that matter this afternoon.

Mr. President, if the Senator from New York wanted really to help reform foreign aid, he would not have cast so many votes against the policy amendments that have been offered in the last 2 years. Those of us on the Committee on Foreign Relations have tried to force the AID administration to reform its inefficiency and bring an end to its course of corruption which the Comptroller General has pointed out in report after report. The Senator from New York knows what the Comptroller General has found.

The Senator from New York seeks now, in order to divert attention from what I consider to be his untenable position to divert attention by saying that the Senator from Arkansas [Mr. FULBRIGHT] and the senior Senator from Oregon ought to come in here with some amendments that would seek to clean up foreign aid.

A great many improvements were made in the committee.

We have given him his chance to help clean up foreign aid even further here on the floor. I want to say that I am not going to join him in pouring more millions of dollars into the underdeveloped countries of the world, which he proposes to do, until we can first assure the American taxpayers that the money is going to be wisely and efficiently spent. The Senator himself knows, as I shall show in a moment, that he knows that that does not take place in some instances.

Mr. President, our problems at home will require massive capital investment to cope with them in the field of education alone. The Senator from New York knows that we will have to spend billions of dollars in the next 10 years to be of assistance to the schoolchildren of this country. The demonstration cities program cannot be viewed as anything but the first token installment on the modernization of the core of dozens of cities,

located in every State. The war on poverty is on the statute books but its effects on the grassroots, where it must be won, are questionable.

We need increased money to meet the poverty challenge in this country, but this administration, through its Bureau of the Budget report, proposes a cut here as well.

Some of us who have been giving intensive study to our domestic problems recognize that the cost of their remedying will vastly exceed the cost of any aid program to undeveloped countries. And we have scarcely scratched the surface.

Yet, as so many administrations before, this one finds it easier to go abroad to develop great societies than to do it at home. To build, to introduce new techniques, to instruct the ignorant abroad has for half a century had much more appeal to Washington than to rebuild, to reeducate, to rejuvenate, and to modernize the outmoded here at home. For the domestic problems are the problems of politics while the problems of the great society in Asia are problems of international relations. And politicians are seeing to it that they are removed far from the consideration and understanding of their constituents. However, their constituents are catching up with them. Their constituents are beginning to recognize the failure of Congress to reform foreign aid and to save the American taxpayers the millions of dollars that have been wasted.

It is very interesting to hear it said this afternoon by one of the proponents of increasing foreign aid that perhaps 10 to 20 percent of it is being increased, as though that were a drop in the bucket. Let the record show how much the American taxpayer has had taken from him since the beginning of foreign aid in 1946—\$116 billion.

The apologists for the foreign aid, if their figures are correct—and they are dead wrong because their figures are too low—say that 10 to 20 percent, is the amount which very well may have been wasted. Let me say that that is a shocking amount of waste out of \$116 billion. However, if one reads the report of the Comptroller General, he cannot escape the conclusion that the figure is more than 20 percent. So again I say to the Senator from New York, to the Senator from Kentucky [Mr. COOPER], the Senator from Pennsylvania [Mr. CLARK], the Senator from Utah [Mr. MOSS], the Senator from Maryland [Mr. TYDINGS], the Senator from South Dakota [Mr. MCGOVERN], and to the others who seek some way to throw a block in the deliberation on the bill on those who seek to get the votes to prevent further needed cuts in the bill; the difficulty with your position is that they are not doing what ought to be done to help those of us who want to join with them in the foreign aid program in strengthening the standards and guidelines of foreign aid administration before we waste additional billions of dollars.

The energies of many administrations before this one, frustrated at home have been turned abroad, where the results of reform programs may be no more discernible but where the political liabilities

are minimal. But let me say that the liabilities are just as serious abroad, as far as the rights of the American taxpayers are concerned, as they are here at home.

Many of us who thought that the great unfinished domestic work of Franklin Roosevelt was about to be accomplished through the Great Society, have therefore been deeply disappointed to hear the administration rush into a Great Society program for billions of Asians before it has ever begun to be accomplished here at home.

We have been deeply disappointed to hear the President warn Congress against funds for domestic programs, even as Congress considers his defense budget of \$58.6 billion. The increase in the defense budget, and the special supplemental funds to prosecute the war, are adding up to a war cost of some \$1.5 billion a month, or \$18 billion a year above what was spent before we took over the war in South Vietnam.

Now we are told that we must hold the line on the budget at home so that we can spend increasing amounts for the war in southeast Asia; a war in which we should not be involved at all. We must hold the line at home so that we can increase expenditures for foreign aid in many other places of the world as proposed this afternoon by the Senator from New York, the Senator from Rhode Island, and the other Senators I have already mentioned, thereby laying the groundwork for the great society of southeast Asia, while the Great Society program in the United States goes down the drain.

The Senator from Oregon is not going to be a party to that kind of a legislative program. I am satisfied that what we are going to be faced with in this country if that program is adopted is that increasing millions of Americans are going to be so resentful that we will have a republic characterized by disunity, and what we need in these troubled times is a maximum of unity. If we can work to get unity, we should put first things first.

The first thing we should give our consideration to is adequate support for a domestic aid program and to continue a reasonable foreign aid program. A foreign aid program, let me say, in the neighborhood of \$2 billion for economic aid is plenty high. Any military aid program in the neighborhood of \$500 million—not including, of course, Vietnam—is reasonably high.

I would be much more impressed with the speech of the Senator from New York if he took the position that we should spend a reasonable sum, not in excess of the sum this year, and if he then gave unquestioned support to the development of a domestic aid program at home.

Mr. President, I want the RECORD to show my answer to one or two of the comments that the Senator has made, and then tomorrow I shall give further answers, in greater detail, on other aspects of his speech.

The Senator says on page 5 of his speech:

I believe the American people are ready to recognize that foreign aid is not a "give-

away," but rather a moral obligation and a sound and necessary investment in the future.

I challenge that.

I say to the Senator from New York that, in my judgment, if he and the others who are supporting foreign aid do not help us clean up the administration of foreign aid, the American people will demand from Congress that foreign aid be drastically cut, if not discontinued.

No country has a moral obligation to give away money for its own sake. I am satisfied that the foreign aid program is exceedingly unpopular to the grassroots of America, and for good reason. The principal reason is that neither the administration nor Congress has been willing to clean it up.

Mr. President, the Senator from New York says that we have shown in the Senate that we are willing to spend nearly \$2 billion a month for tanks, for planes, for napalm, for other weapons of war—all to save people from communism. I do not know whether he intends to allege that we are in fact saving them from communism at the expenditure of \$2 billion a month for tanks, for planes, for napalm, and for other weapons of war.

I may have misinterpreted the Senator from New York in months past, but I believed the Senator from New York was raising serious question as to whether our military outlay in southeast Asia was making any constructive contribution to saving anyone from communism.

I wish the Senator from New York to know that my view is that this great expenditure for military involvement is making Communists by the hundreds of thousands around the world.

The Senator from New York says:

But we seem reluctant to spend, to save people from the tyranny of starvation and ignorance, as much in a single month—even though we know, in our purest self-interests, that the tyranny of poverty is easily exchanged for the tyranny of communism.

I agree with the principle of that observation. As long as we continue to support the involvement of the United States on a unilateral basis in a war in southeast Asia—which it never should have entered in the first place—we will make no progress, in my judgment, in saving any considerable number of people in the world from the tyranny of poverty or the tyranny of communism.

On the contrary, I believe that as we are building up hatred for us around the world because of the shocking military policy that we are following, and that by taking the position that we are either going to have our program adopted or we are going to move in with U.S. military muscle to force its adoption, we are destroying the hope of achieving the very objective that I assume the Senator from New York has in mind.

If the Senator from New York really wishes to help pave the way for a sound foreign aid program directed at helping the economic lot of the underprivileged of the world, I shall welcome his starting to vote with us, those of us who have sought to modify the State Department's and the Pentagon's foreign policy in southeast Asia.

In my judgment, we must stop and change the image of the United States as a military intervenor, before we shall be able to gain the cooperation and the good-will of the millions of people in the other parts of the world. This is necessary before any foreign aid program can be successful.

As I said earlier, the Senator from New York admits in his statement:

The foreign aid program has not been completely successful. There has been corruption. There have been abuses of other kinds in some of the recipient countries. But if we consider the program as a whole—what is at stake, what has been accomplished—I believe we will conclude that it has been a significant success, and made a major difference in the security of the United States and the peace of the world.

Some of our foreign aid has been successful, but one cannot say that the foreign aid program has been successful overall, when one considers the shocking failures of foreign aid that have been revealed by one investigation after another.

I hope the Senator and I will be able to join in a foreign aid debate in the future. I hope that by next year we will be able to bring about some reforms in the administration of foreign aid so that there will be a justification for those of us who are supporting amendments to the bill this year to support an enlarged foreign aid program.

The argument of false analogy always interests me, and this afternoon, as many times in the past, the Marshall plan has been brought up as justification for our now pouring millions and billions of dollars into underdeveloped areas of the world.

When we joined in the Marshall plan, I was an enthusiastic supporter of it, although, as I have said many times before, if I were to have it to do over again, I would have been more insistent on a loan program rather than a grant program. But we did have an obligation, growing out of World War II, to come to the economic aid of our allies. We were a little belated in entering the war in the first place, and part of that war was the rebuilding of our allies—France, Great Britain, and others—through grant aid.

However, let us not forget that we had tremendous industrial and financial resources. Let us not forget that the balance of payments was all in our favor. Let us not forget that there was great concern in this country about what we were to do about our surplus capacity and the recognition that we had better do something about this or that surplus would rise to plague us and lead to economic stagnation here at home.

If we go back to the speeches and the concerns voiced of the time of the Marshall plan, we find that that was one of the arguments that helped induce us to embark upon a strong grant program under the Marshall plan. The same situation does not exist today. It is just the opposite. The balance of payments is against us. The economy of the country is threatened by inflation.

The Senator from New York and those who are supporting him had better take a long, long look at what the economic

situation of this country is, before they go ahead with this drive that they obviously have started today. I am satisfied that this drive will be stopped. I believe the American people will insist that it be stopped, because they do not want to throw additional millions of American taxpayers' dollars in increased foreign aid down ratholes abroad.

I wish to say to the Senator from New York, as I am sure he well knows—in fact, our conversation before he departed left no room for doubt that he recognizes—that our difference is not a personal difference, but a very sincere difference, over what legislative policy should be.

I shall continue to vote for reasonable cuts in this bill, and to vote against any proposal to restore any cuts that have been made. And if the conference committee does not report a foreign aid bill which, in my opinion, protects the American taxpayer, I shall once again vote against the bill.

Mr. President, I have obtained consent to put into the RECORD certain proposals that we have made in the past in regard to needed reforms.

EXHIBIT 1

EXCERPTS FROM COMMITTEE REPORT, 1965

4. COMMITTEE COMMENTS

The committee this year approached the foreign aid bill with something close to a consensus on three basic points: first, that some kind of foreign assistance program is essential to the national interests of the United States; second, that there is a great deal of profound dissatisfaction with the program conducted under the Foreign Assistance Act of 1961, as amended; and, third, that the Congress has a clear duty to perform in providing policy guidance in the field of foreign relations, including the aid program. At the same time, committee members hold widely differing views about the deficiencies of the current program and advance partial or tentative alternatives which often are mutually contradictory.

It should be stressed in this connection that such views and suggestions usually are aimed at fundamental questions of policy, rather than at administrative and short-term difficulties. For there is general agreement that small adjustments in the administration's proposals could not result in a program which would secure broad public and congressional support. Moreover, some members feel that Congress increasingly in recent years has seen its constitutional role in the formulation of U.S. foreign policy relinquished to or usurped by the executive branch of the Government, regardless of which political party held power. This trend has resulted in a situation in which support or rejection of administration policy have seemed the sole alternatives.

Only by questioning the basic premises behind the foreign aid program, as it has taken shape over the years, can there be a productive discussion of policy alternatives outside the misleading and barren context of being compelled to consider a single thesis and its antithesis.

Accompanying and intertwined with this attitude is the feeling among members that the Committee on Foreign Relations increasingly is being forced into the role of a Committee on Foreign Aid. To a considerable extent the necessity for lengthy and exhausting reviews of the aid program each year is preventing the committee from giving its attention to other equally important or even more significant foreign policy questions, and reducing the time which it can devote to legislative oversight of executive agencies. So long as there is so much criticism of the

aid program—whether valid or not—the committee is unable to sponsor or approve a long-term authorization for this program, and is unable to break the dreary cycle of full-scale and time-consuming annual reviews.

These views converge and are reflected in the bill reported by the committee. On the one hand, in part IV of the bill, provision is made: for terminating the foreign aid program in its present form at the end of fiscal year 1967; for establishing a Foreign Aid Planning Committee with two-thirds of its members being drawn from the Congress; for establishing guidelines for that committee's profound scrutiny of the question of foreign assistance; and for having this committee make its findings known to the President, who is requested to submit his recommendations on foreign aid to the Congress on or before July 1, 1966. On the other hand, the bill provides a 2-year authorization for the foreign aid program during the interim period in which the whole issue is exhaustively studied.

These two major provisions are almost indissolubly connected with respect to the committee's heavy vote in favor of the bill. Some committee members are very reluctant to provide an authorization for more than 1 year. They approve this course only on the basis of these two points; first, they recognize that it would be highly confusing and unproductive if the administration and the Congress were simultaneously forced to work on two possibly quite different approaches to the question of foreign assistance; and, second, they recognize no inhibitions on the committee or individual members with respect to raising questions or promoting new views in connection with the program for fiscal 1967. It is clearly understood that the committee will continue to watch the foreign aid program closely in carrying out its functions of legislative oversight under the Legislative Reorganization Act.

Under these circumstances, then, the committee is approving for a 2-year period the program requested by the President for fiscal year 1966. In view of the widespread criticism of the existing foreign aid program, this action may be queried by those who are strongly opposed to the program. The main point here is that intolerable confusion would result if Congress tried in 1966 to review an annual foreign aid program in the traditional format at the same time it was planning a future program. This bill provides that the current program is to end June 30, 1967. The President is to submit his proposals for a new program by July 1, 1966, so that Congress will have ample time to consider them before the cutoff date. Within the guidelines set forth in part IV of the bill, the committee maintains an open mind as to the results of the inquiry provided for.

Meanwhile, despite the criticism which has been directed towards it, there is a great deal that can be said in support and justification for the program authorized in this bill. Indeed, a great deal has been said, and ample material on this score is contained in the hearing record on the bill, as well as in the presentation made to the Congress by the executive branch. Justice cannot be done in this report to all the many persuasive arguments in favor of the bill. The main point here is that the committee reaffirms its belief that a foreign assistance program is essential and that there is no current alternative to considering that program in the light of the basic policies which have prevailed over a number of years and which still prevail. Within this framework the committee has carefully considered the administration proposals at great length and the majority of members are satisfied that this is the best program which can be arrived at under existing conditions.

5. SUBSTANTIVE PROVISIONS

Part IV—Programs for fiscal years beginning after June 30, 1967

The bill adds a new part IV to the act which will, the committee believes, lead to substantial changes and improvements in the scope and nature of the foreign assistance program.

First, in the new section 701 it is provided that all assistance under the Foreign Assistance Act of 1961, as amended, and under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), or any extension thereof, shall be terminated as of June 30, 1967. The purpose is to make possible a completely fresh start with a revamped program after that date.

The new section 702 requests the President to submit to Congress by July 1, 1966, his recommendations and legislative proposals for future foreign aid programs taking into account principles which are set forth in the new section 703. The committee also contemplates that the President may wish to take account of the recommendations of the Planning Committee referred to below and to counsel with it.

The principles of section 703 are that assistance should be divided into four distinct categories:

(1) Assistance intended primarily for humanitarian purposes, including famine relief and other assistance under title II of Public Law 480, and assistance extended through worldwide international organizations (as distinct from free world organizations). This would be the means by which the United States meets its obligations as a good citizen of the world—analogous to an individual's contributions to a charity drive.

(2) Development assistance: This would be extended "only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise." It would also be extended in furtherance of sound plans for economic and social growth with a view to making the recipient countries self-sufficient as soon as possible. This type of assistance would be aimed directly and exclusively at economic development in countries selected according to the criteria stated. Only in such countries is there a reasonable possibility that economic development can be brought about in a framework compatible with U.S. national interests.

(3) Political or contingency assistance: This would be primarily to advance or protect the mutual interests of the United States and a limited number of recipient countries or areas. This recognizes that, on occasion, a power with the worldwide interests of the United States has to engage in aid for purely political reasons, narrowly defined.

(4) Military assistance: This would be furnished to serve the military defense of the United States as recommended by the Secretary of Defense, subject to the approval of the Secretary of State.

Further principles to be taken into account in proposals for any further aid program are that, except for humanitarian assistance, aid should be extended to no more than 50 countries; and that administration of nonmilitary assistance should be unified, insofar as practicable, under a single agency. Finally, it is provided that any future foreign aid proposals should include recommendations as to the extent to which assistance should be furnished multilaterally or bilaterally and the extent to which it should be extended on a program or a project basis.

The new section 704 creates a Foreign Aid Planning Committee to advise and assist the President upon his request and to make its own independent studies and investigations

with a view to submitting recommendations to the Congress.

The committee is to consist of 12 members—four to be appointed by the President, four members of the Senate Foreign Relations Committee to be appointed by the Vice President, and four members of the House Foreign Affairs Committee to be appointed by the Speaker. The committee is given the usual authority to provide itself with a staff, to hold hearings, and to subpoena witnesses and documents. Departments and agencies of the Government are directed to furnish the committee, upon its request, such information or other assistance as may be necessary. Not to exceed an aggregate of \$400,000 of foreign aid appropriations is to be made available to the committee to carry on its work. The committee's final report is due January 3, 1967.

The Foreign Relations Committee intends for the principles enunciated in these new sections of the bill with respect to any future foreign aid programs to be interpreted by the President and by the Foreign Aid Planning Committee as broad guidelines. They are not meant to be all-inclusive or as limitations on any recommendations or on any studies which the Foreign Aid Planning Committee may feel desirable. Among other things, the committee should address itself to the question of loan terms, and to the question of separating economic and military assistance.

The Foreign Aid Planning Committee is specifically authorized to submit interim reports prior to the date of its final report. It will have available in July 1966 the President's recommendations to the Congress, and it will take these into account in framing its own recommendations for final submission 6 months later.

The Foreign Relations Committee believes that out of the guidelines which the bill provides and out of the studies which it authorizes, there can be developed a foreign-aid program which is sharper in focus and clearer in purpose than the miscellany of activities presently lumped under the heading of "foreign aid." The committee also believes that the number of countries receiving assistance of one kind or another should be reduced. It recognizes that progress has been made in this direction in recent years, but further reductions are called for. The figure of 50 countries, which is mentioned in the guidelines in the bill, is to be compared with 82 countries for which military or economic aid is programmed under the Foreign Assistance Act. The figure of 50 is admittedly arbitrary and may be adjusted upward or downward depending on the recommendations of the President and of the Foreign Aid Planning Committee. Some limitation on the number of aid-recipient countries, however, should have at least two salutary effects: (1) It should induce the executive branch to adopt more stringent priorities and to reconsider its present tendency to view an "AID presence" in a developing country as ipso facto desirable; and (2) it should make aid, where extended, more meaningful.

6. MINORITY VIEWS OF MR. MORSE

I did not vote for the bill in committee because I do not consider that it embodies a worthwhile aid program for the 2 years of aid which it authorizes. Once again, the Foreign Relations Committee has found the program in its existing form to be unsatisfactory. Its report states that: "the committee this year approached the foreign aid bill with something close to a consensus on three basic points: first, that some kind of foreign assistance program is essential to the national interest of the United States; second, that there is a great deal of profound dissatisfaction with the program conducted under the Foreign Assistance Act of 1961, as amended; and third, that the Congress has a

clear duty to perform in providing policy guidance in the field of foreign relations including the aid program."

But even as it expressed its "profound dissatisfaction," the committee once again declined to do anything of consequence to improve the program for the 2 years covered by the bill. The most it could bring itself to do was to terminate the program at the end of that time and call for a Foreign Aid Planning Committee to be set up in the meantime to recommend a new program.

Part IV of this bill is a revision of an amendment I first offered 2 years ago. At that time, the Foreign Relations Committee said of it in its 1963 report: "in fact, the committee gave serious consideration to an amendment that would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects."

Since no revamped program has been received in 2 years, I do not see how the committee can conscientiously recommend another 2 years of the existing one.

The 2-year authorization dovetails with the timetable of the Planning Committee, which will make interim reports and a final report by January 3, 1967. I concurred in it for that reason. But establishment of the Planning Committee does not relieve the Foreign Relations Committee or the Congress from their duty to alter the program in this bill, for those 2 years.

Responsibility for aid program rests with Congress

For too long, the committee, and the Congress as a whole, have failed in their duty to establish clear policy guidelines for the extension of American foreign aid to other nations. This is not an area of foreign policy that the Constitution assigns to the President. If it were, legislation would be unnecessary.

As it is, only Congress is authorized to appropriate money, and that only in pursuance of law. And only Congress is authorized "to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States." It is only under this provision of the Constitution that foreign aid is possible at all.

The recommendations of a President are as desirable in the enactment of a foreign aid program as they are in the enactment of an antipoverty program or a flood control project. But there is no constitutional basis for the general use of administrative discretion which has rendered the aid program the flabby and unproductive one it is today.

The freehanded extension of aid in the last 15 years has greatly weakened it in all its various purposes. It was the conditioning by the United States that led the United Arab Republic's delegate to announce to the United Nations last December "It [foreign aid] is a right to which the developing countries are entitled."

So long as our administrative officials regard aid as a means of American ingress all over the world, receiving countries will continue to be encouraged to think it comes with diplomatic recognition and requires nothing more from them than their existence.

This lack of standards, and the delegation of its duties and functions, are the fault of Congress. Hence, the failure of foreign aid to return to the American people any results commensurate with their expenditure is also the fault of Congress.

The foreign aid program has operated as though through a ministry changing when its chief executive falls, but otherwise carrying out its activities free from legislative direction. Some authorities prefer that system for the United States, but that is not the system established by the Constitution and I do not believe we should allow ourselves to drift into it by the voluntary relinquishment of its powers on the part of Congress.

The 2-year authorization

While I voted with a large majority of the committee members to authorize a 2-year extension of the foreign aid program, I am compelled to make my position on this question completely clear. The sole reason why I went along with this extension, even while voting against final passage, hinges upon committee acceptance of my amendment which is carried in part IV of the bill, and which dictates an end to the program as presently constituted in 1967. I accept the committee consensus that there would be considerable confusion and technical difficulties if my cutoff amendment became law, and if the subsequent special committee and the administration at the same time were working on two possibly very different approaches to the foreign aid problem.

Thus, I agreed to vote for a 2-year authorization—although not for the bill as a whole—with the understanding that this agreement depends on part IV of the bill becoming law.

At the same time I do not believe—and I know the majority of committee members agree with me—that we can relinquish in any way our duty to check into the foreign aid situation each and every year, regardless of whether or not an administration bill is referred to us. In the first place, this duty of legislative oversight is inescapably imposed upon us by the Reorganization Act of 1946, as well as by all historical precedent. Secondly, there is nothing to prevent either the committee or a single member of it from seeking out the facts on foreign aid at any point during any year, and making the resulting information available to the Senate and to the public. In the third place, I would contemplate a situation in which the Foreign Aid Planning Committee established by my cutoff amendment would make interim reports on its findings, whether formal or informal in character. I would further expect the Committee on Foreign Relations to consider such data closely and to press for any necessary changes that might be made by the AID Agency. Should the latter not comply on a voluntary basis, it must be understood that there would be no inhibition against this committee introducing legislation to give mandatory effect to the Planning Committee's recommendations. In sum, no one should be under any illusion that the Foreign Relations Committee by agreeing to a 2-year extension of the program is thereby giving up even the slightest bit of jurisdiction over the operation of the program.

Finally, I want to reemphasize my understanding that the 2-year authorization and the cutoff amendment are indissolubly linked. There should be, if there is not, fierce determination on the part of the Foreign Relations Committee to contest any effort to scuttle my amendment while trying to preserve the 2-year authorization.

Inflated military assistance

As in the past years the military assistance element in the foreign aid program is unjustifiably large and scattered in character. This year, even more than in the past, the military aid component appears to be based on an outmoded and ineffective policy framework. It adds insult to injury for the Congress to be asked to authorize \$115 million more for fiscal year 1966 than the \$1.055 billion appropriated in the current fiscal year.

Even the Clay Committee Report of 1963, which did not seriously contest the overall policy governing military aid, but protested the number of countries involved, made it clear that by this stage we should be contemplating a program of no more than \$1 billion for military assistance.

We can derive no comfort from the constantly repeated assertion that 72 percent of the military aid funds are concentrated in 11 so-called "forward defense countries": Greece, Turkey, Iran, Pakistan, India, Thailand, Laos, Vietnam, Philippines, Taiwan, and Korea. These countries described in the unclassified summary presentation book as bordering on the Soviet Union and Communist China—erroneously in the case of three of them—are, it is true, most exposed to the possibility of Soviet or Communist Chinese aggression. On the other hand, even if one believes, as I do not, that our past heavy infusions of military assistance could help these countries to defend themselves for more than a few days without massive U.S. intervention, the problem is that most of these countries do not appear to share that view of the situation. On the contrary, at least four of them are far more interested in concentrating their troops in a position to fight each other, rather than to repel any fancied Communist invasion. In the case of the two island nations concerned, there scarcely can be any question but that their security depends almost entirely on American air and sea power in the Pacific, and not on large numbers of ground forces.

Each year, we are told that indigenous armies are cheaper to "field" than an equivalent number of U.S. troops and they will be on hand to help us fight any war in their area. This comforting theory has been voiced in special connection with the Far East. But right now we are fighting a war in the Far East, and where are the troops from South Korea, Thailand, the Philippines, Pakistan, and Taiwan that our taxpayers have been supporting all these years?

The time is long overdue for us to confront the premise that the policy framework for our military aid program deepens very largely on obsolescent theory developed a dozen years ago. The hallmark of this theory was a severe case of "pactitis." Because NATO was a real success and totally valid at a time of great peril for Western Europe, it was decided that the success should be emulated in every area that might be threatened by the then monolithic Sino-Soviet bloc. Thus we had the creation of SEATO and CENTO—or the northern tier, as it was often called—and in our period of fondest enthusiasm even thought of creating a southern tier which would make everything tidy if not sensible.

Now we go on today as if nothing had really changed in the last decade. We do so despite the evidence of change on every side. The Sino-Soviet bloc has split into two competing powers, whose only prospect of renewed cohesion probably stems from the pressure exerted by the United States on southeast Asia. The SEATO alliance has been proved virtually useless in the context of the undeclared war in southeast Asia, and may be deserted by France at the first politically opportune moment. CENTO long ago lost its Baghdad headquarters through the withdrawal of Iraq; it now finds that its eastern anchor, Pakistan, is busily making friendly gestures toward Red China while indulging its apparent true vocation of warlike maneuvers on the borders of India. The latter, which has steadfastly refused to play the alliance game, is diverted from the necessary task of guarding its borders against Chinese incursions by the threatening posture of the U.S.-equipped Pakistani Army.

One would think that, with all the transformation which has occurred in Asia, the

Pentagon might be inhibited from coming to the Congress with the selfsame story which it has advanced unchanged for these many years. Such is not the case, however. Those of us who have been on the committee for some time can recite the Defense Department's testimony from memory before the hearings on foreign aid even begin.

"Obsolescence" theory will lead to permanent military aid

Another argument we have heard with wearying frequency in this regard concerns the purported need for us to replace obsolete equipment with up-to-date weapons in these forward defense countries. This is the case, even though there is growing evidence that the more modern American equipment being used in Vietnam is not suited to the nature of the conflict there. For example, we seem to be finding that propeller-driven aircraft are far more useful than modern jets; indeed, it may not be too farfetched to envisage us buying back some of the "obsolete" equipment which we furnished to the forward defense countries. In any event, if our policy dictates that we must constantly keep replacing obsolete equipment in every country receiving large amounts of military aid, then we can anticipate the likelihood of our being forced to conduct such a program in the year 2000—if the world reaches that year intact. In the name of sanity, that policy should be promptly overhauled except for certain specific limited applications.

The reason for this great emphasis on such countries as Greece, Turkey, Pakistan, Taiwan, and Korea comes from two themes presented by the executive branch. In the first place, we are told that the military aid funds for southeast Asia in the bill not only cannot be curtailed, but should be subject to constant increase. As I note elsewhere in these remarks, the full cost of our undeclared war in Vietnam should be broken out of the foreign assistance bill and justified in a separate authorization which calls things by their right names. As matters stand, the argument afforded by the urgent situation in Vietnam is used by the Pentagon on every occasion to resist any cuts whatsoever in the military aid component.

Vietnam aid should be authorized separately

Our military activities in Vietnam and our national interests in Vietnam and Laos have burgeoned far beyond the intents and purposes of a foreign aid, and should be authorized in separate legislation.

It was an aid program unchecked and unsupervised by Congress that drew us into an undeclared war in that part of the world, but the war has reached the stage where it should no longer be lumped in with foreign aid.

Moreover, the proposal for an "open-end" authorization for Vietnam is a very bad precedent to put into a foreign aid bill. It represents the kind of authorization that will be sought for other areas if Congress approves this one, and will mark a further renunciation of congressional control over a legislative program.

Summary

Because the authorization continues for 2 years aid programs for an excessive number of countries, because it increases military aid to countries where it will do American interests more harm than good, and because it promotes an increase in funds for international lending agencies sight unseen by Congress, I believe at least half a billion dollars should be cut from this bill for each of the 2 years.

WAYNE MORSE.

EXCERPTS FROM COMMITTEE REPORT, 1966

Section 101

This section would amend the statement of policy relating to economic assistance contained in section 102 of the Foreign As-

sistance Act of 1961, as amended, by adding the following sentence:

"This Act, or the furnishing of economic, military, or other assistance under this Act or the Military Assistance and Sales Act of 1966, shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for defense of any foreign country.

In the nearly two decades this committee has studied aid bills each year it never considered that economic or military assistance to another country could in any way constitute a commitment of U.S. military forces. However, administration officials have in recent months suggested that the provision of foreign assistance to Vietnam over the years is one component of the overall U.S. commitment to that country. The committee cannot agree with any such interpretation of its intent in recommending the Senate's approval of aid legislation each year. It was recommending aid, and nothing more.

The committee's statement of policy makes it clear that it is intended in no way to detract from any existing commitment to Vietnam or to any other country. Neither is the foreign assistance program to be used in the future as a substitute for a treaty or other constitutional commitment of U.S. military forces regardless of the size, scope or duration of the aid program in any country.

The American people must be reassured that furnishing foreign aid does not constitute a back-door commitment of military forces to a potential series of brushfire wars in countries throughout the world. In addition, aid recipients need to be put on notice that regardless of the extent of aid, they should in no way interpret U.S. generosity as a promise to help with military forces in time of trouble.

This statement of policy should help clear the air for the public, the Congress, the executive branch, and every country which is or may become a recipient under the foreign assistance program.

CHAPTER 2.—DEVELOPMENT ASSISTANCE

Title I—Development Loan Fund

Section 102(a) (1). Loan Criteria

This section amends section 201(b) of the Foreign Assistance Act by adding the following three new criteria to the factors to be taken into account in making development loans:

(1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise.

(2) The degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through encouragement of maximum private ownership in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, through adequate protection of industrial property rights (such as patents and trademarks).

(3) Whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

These criteria are self-explanatory and are in addition to the six criteria now in the act. Two of the new criteria were included in last year's Senate foreign assistance bill as principles to be taken into account in shaping a new aid program. The committee believes that the new criteria are reasonable objectives for the aid program.

Section 102(a) (2). Limitation on Countries to Which Loans Can Be Made

This section limits to 10 the number of countries outside Latin America to which development loans can be made except

through the World Bank and its affiliates. AID has firm plans to make loans to only 10 countries in fiscal 1967. Three additional countries are "eligible" for development lending and the committee was advised that the total countries to which loans might be made in fiscal 1967 might be 18 or 19 after distribution of \$18,200,000 programed for lending to several unspecified African countries. AID made development loans to 19 countries in the 1966 fiscal year.

The committee bill incorporates a procedure which will permit loans to be made to additional countries above the limit of 10 if (1) the President makes a finding that the loan to the country is in the national interest and submits a report giving his reasons therefor to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and (2) each of these committees adopts a resolution approving the making of the loan or loans to that country. This will provide flexibility to make loans in countries above the basic limit of 10 but only after the appropriate committees of the Congress have approved the proposal. The requirement follows the pattern under existing law for approval of certain public building and watershed projects by congressional committees.

The committee hopes that the adoption of this amendment will encourage AID officials to concentrate their efforts by providing assistance to a smaller group of countries which are in a position to use aid most effectively. The committee does not believe that the national interest is served merely by establishing, as AID does in too many countries, an aid "presence" that makes little, if any, permanent contribution toward solving economic and social problems. It is the view of the committee that maximum effectiveness per dollar of aid can be achieved only by concentration of effort. This limitation is a modest step in that direction. It does not apply to assistance provided through the multilateral lending agencies and the committee hopes that its imposition will have the effect of stimulating greater interest in channeling more aid through the World Bank group. Section 102(b). Interest Rate on Development Loans

Under existing law there are two interest rates for development loans. A rate of not less than 1 percent is charged for the period no longer than 10 years from the time the loan is made, and for the remainder of the loan term a rate of not less than 2½ percent is required. This section amends section 201(d) of the act to increase the minimum interest rate for the second stage of the loan from 2½ to 3 percent.

The committee considered at some length a proposal to raise the interest rate to that which would equal the cost to the Federal Government of its long-term borrowings. Although no long-term Treasury bonds are being issued at the present, the market yield on outstanding issues with 20-year maturities averaged 4½ percent for the first 11 months of the 1966 fiscal year. The committee recognized that an increase of this magnitude would have a considerable impact on the development loan program and would in effect place the program on a self-sustaining basis after the 10-year grace period minus administrative costs and assuming no losses. However, the committee does believe that the prevailing high interest rates in this country call for adjusting the minimum interest on development loans to narrow the gap between what the Federal Government and the American taxpayer must pay on money they borrow and the interest the foreign government must pay for loans under the program.

The subsidization rate on development loans, on the basis of the 4½ percent average rate in fiscal 1966 on long-term Treasury issues, is 3½ percent for the first 10 years and

17 $\frac{1}{8}$ percent for the remaining period of the loan. Market yields on long-term Treasury issues are actually about 4 $\frac{3}{4}$ percent at present. In 1964, when the Congress raised the minimum rate on the second stage of development loans from 2 to 2 $\frac{1}{2}$ percent, the average rate for long-term Treasury borrowings was 4 $\frac{1}{2}$ percent. In view of the significant increase in the cost of Government and private borrowings since then, the committee believes that the increase of one-half of 1 percent is fully justified.

Section 102(d). Use of International Lending Organizations

This section would amend section 205 of the Foreign Assistance Act relating to the use of international lending agencies for the channeling of development loan funds to underdeveloped countries. Section 205 now authorizes the President, at his discretion, to transfer up to 15 percent of the funds made available for development lending for use through the International Bank for Reconstruction and Development or its affiliates, the International Development Association and the International Finance Corporation. The amendment to this section would permit use of 15 percent of the development loan funds only through these organizations. In other words, 15 percent of the loan funds would be available only for transfer to the multilateral lending agencies and could not be used for regular bilateral lending by AID.

Last year the committee recommended that the President be authorized to use up to 20 percent of the Development Loan Fund through the World Bank group. This figure was reduced to 15 percent in the authorization bill as finally enacted. The committee believed then, as it does now, that there are compelling reasons for placing more aid on a multilateral basis through the international lending agencies. These agencies are able to enforce higher economic standards and also to avoid the political pitfalls inherent in a bilateral aid relationship. Unfortunately, last year, as has been the case in previous years, restrictive language in the Foreign Aid Appropriations Act prevented the use of the transfer authority by the President.

The committee hopes that its action in earmarking funds may be helpful in stimulating the Congress to be consistent on both the authorization and the appropriation bills and allow the President to use the facilities and expertise of the World Bank group in administering a small portion of the total aid effort.

Title II—Technical cooperation and development grants

Section 103(a)(1). Additional Criteria for Technical Cooperation and Development Grants

This section amends section 211(a) of the Foreign Assistance Act, which contains the general authority for technical cooperation and development grants, by adding the following two new criteria for the President to consider in determining a country's eligibility for this type of aid: (1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (2) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

The criteria are self-explanatory and are the same as two of the three new criteria to be added to the Development Loan Fund program by section 102(a)(1) of this bill. They were approved by the Senate in last year's foreign aid bill as principles to be taken into account in the formulation of a new aid program.

Section 103(a)(2). Limitation on Countries

This section amends section 211(a) of the act by limiting to 40 the number of countries which may be provided technical cooperation and development grants in 1 year. However, countries can be added above the limit if the President recommends such action to the Committee on Foreign Relations and the House Committee on Foreign Affairs and each of the two committees adopts a resolution approving the addition of the country. It is the same procedure prescribed in section 102(a)(2) of the bill for making additional countries above the limit of 10 eligible for development loans. The procedure requiring approval by committee resolution is adopted from that followed for approval of certain public buildings and watershed projects.

This limitation does not include the nations of Latin America programed to receive technical assistance under the Alliance for Progress. Outside of Latin America AID proposed technical cooperation and development grant programs in 47 countries in fiscal 1967—plus 6 regional programs. Of the 47 country programs proposed, 19 are for less than \$1 million.

The committee believes that the program could be more effective if it were not so diffuse. The amounts programed for many countries in the 1967 fiscal year are so small that the result can be little more than an American aid "presence." The committee cannot support this concept of spreading a little aid to a large number of countries. This small cutback in countries will make the program more effective in the long run.

The committee points out that this limit does not apply to assistance through the multilateral agencies and hopes that this action will serve to emphasize the advantages of administering a greater portion of the aid program through the international agencies.

Title VI—Alliance for Progress

Section 105(a)(1)(1). New Criteria for Aid Under the Alliance for Progress

Additional criteria for the President to consider furnishing assistance under the Alliance for Progress, identical, with one exception, to that approved for the development loan program, have been recommended by the committee. The exception is aimed at Latin America and is designed to encourage economic and political integration of the region. The new criteria to be added to the four now in the act are—

(1) The degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(2) The degree to which the recipient country is taking steps to improve its climate for private investment, both domestic and foreign, through encouragement of maximum private ownership in new and existing industry, through nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, and through adequate protection of industrial property rights (such as patents and trademarks);

(3) Whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and

(4) The extent to which the activity to be financed will contribute to the economic or political integration of Latin America.

The committee believes that these are reasonable and desirable objectives which the President should take into account in making aid determinations under the Alliance for Progress.

Section 105(a)(2). Emphasis on Multilateralism in Alliance for Progress

This section would introduce two new elements into the Alliance for Progress, both designed to move it further in the direction of multilateralism.

First, it would provide that Alliance for Progress loans may be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP). The effect would be that before a country could participate fully in the Alliance it would have to make a national economic plan which would be approved by the Alliance's international body. CIAP would not be given the power to control American aid; it would be given only a limited veto in the sense that if it did not approve a country's plan, that country could receive no U.S. loans. CIAP, consisting of six distinguished Latin Americans and one North American is in a better position than AID or the State Department to insist on rigorous Latin American compliance with the standards of the Alliance. The requirement would not apply to grant aid; i.e., to technical assistance or to emergency assistance to meet unforeseen contingencies.

Second, the section would authorize the transfer of up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank or to the World Bank or its affiliates. This is analogous to the authority presently existing in section 205 for the transfer of development loan funds to the World Bank or its affiliates.

The President would be given discretion to transfer loan funds for distribution through the international lending agencies, whereas under the amendment to section 205 of the act contained in section 102(a)(2) of this bill, relating to the development loan program, 15 percent of the funds appropriated would be available only for transfer to the international institutions.

CHAPTER 4.—SUPPORTING ASSISTANCE

Section 108(a). Limitation on Countries To Receive Assistance

This section amends section 401, relating to general authority for the supporting assistance program, by placing a limit of 10 on the number of countries which can be provided assistance in any fiscal year. However, the President can add more countries when he determines that it is in the national interest. The determination, and the reasons for it, are to be reported to the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

The administration proposed to provide supporting assistance to 13 countries in 1967. By adopting the limitation of 10, the committee hopes to encourage retrenchment in the number of countries included in this program. On the basis of the information presented thus far, the committee is unable to appreciate the importance of continuing supporting assistance to several of the countries programed for 1967. But the committee recognizes that unforeseen situations may occur. It has, therefore, approved a procedure which will permit the addition of other countries by the President.

CHAPTER 6.—ASSISTANCE TO NONINDUSTRIALIZED COUNTRIES

Section 110. Population Control

Section 110 of the bill adds a new section 462 to the act, to authorize specifically the use of funds for furnishing a country, at its request, with technical or other assistance for the control of population growth. Section 241(b) of the act now authorizes research into the problems of population growth but the committee believes that AID officials have taken too conservative an attitude toward use of this authority. About \$10

million is programmed for work on population control problems in fiscal year 1967.

The committee is deeply concerned about the impact of population growth on the developing countries. Many of the benefits from aid are offset by population growth. Unless greater progress is made in control programs even massive aid will be relatively ineffective in raising living standards in many underdeveloped countries. Because of population growth too many developing nations are like the country described by the Queen in "Alice in Wonderland" where "it takes all the running (they) can do, to keep in the same place."

This new authority, plus that contained in section 201(c) of the bill, is intended to give impetus to efforts in this field. The committee will follow closely the work of the Agency for International Development in implementing these sections and will expect to see a significant increase in activity by the time of the next Congressional presentation.

CHAPTER 7.—JOINT COMMISSIONS ON RURAL RECONSTRUCTION

Section 111 of the bill adds a new chapter authorizing the President to conclude agreements with underdeveloped countries in Asia and Africa for the establishment of Joint Commissions on Rural Reconstruction. If any such agreements are concluded, the President can make up to 10 percent of the total development grant and technical co-operation funds available for use by such joint commissions. For fiscal year 1967 the amount that could be used for this purpose could not exceed \$21 million.

The committee was motivated to include this provision in the bill because of the success of this type of arrangement in connection with U.S. aid programs to Nationalist China. The Joint Commission on Rural Reconstruction in China, authorized by the China Aid Act of 1948, has been one of the most successful ventures of the United States in aiding underdeveloped countries. Had the program been started earlier in mainland China, it might have helped weaken the appeal to the peasants of the Chinese Communists.

The advantages of this approach are twofold. First, the organizational technique can become a practical means for isolating efforts at agricultural development from the vagaries of political change so common in the newer nations of Asia and Africa. Second, it can provide a means whereby American aid can be made available directly to the people of a recipient country without being channeled through bureaucracies.

The language of this chapter is permissive. But the committee expects the administration to examine the methods of the Chinese program of rural reconstruction, to consult with individuals who had experience in that program, and to explore with vigor the possibility of adapting this method for dealing with rural problems in such countries as South Vietnam. The committee will expect a full report on experience with this approach before acting on the fiscal year 1968 aid bill so that it may be determined whether the language should be made mandatory.

PART III, CHAPTER 1.—GENERAL PROVISIONS

Section 201(c). Use of Excess Foreign Currencies for Population Control

This section would amend section 612 of the act, which relates to the use of foreign currencies, by authorizing use of excess foreign currencies by friendly foreign governments and private, nonprofit U.S. organizations for carrying out voluntary family planning programs. The President must be assured that reasonable precautions will be taken to see that assistance is given only to persons who desire help. A maximum of 5 percent of the total excess foreign currencies

on hand in all countries could be made available in any year for the program, in one or more countries.

The committee hopes that this amendment will stimulate greater efforts in population control in those countries where we hold excess currencies, though it is not contemplated that these programs will be carried on in each such country. The following are the countries in which the United States holds excess foreign currencies: Burma, Ceylon, Guinea, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic, Yugoslavia.

This amendment was considered by the committee at the same time as the amendment in section 110(b) of the bill and the comments under that subsection apply here also.

Section 201(d). Reports by the President

This provision would amend section 614(c) of the act by requiring the President to report to the Speaker of the House and to the chairman and ranking minority member of the Senate Committee on Foreign Relations on his use of the confidential funds which are now authorized in the amount of \$50 million by section 614(c). The committee, in the military assistance bill, approved the reduction of this amount to \$25 million in economic and \$25 million in military funds.

The law authorizes the President to use these funds "pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts."

This is the only important provision of the act on which the President is not required to make some kind of report to Congress. Most of these reports, many of which are classified, are made to the Speaker of the House and to the Committees on Appropriations and Foreign Relations of the Senate. In view of the sensitivity of the subject matter, the proposed amendment would require reports on the use of confidential funds only to the Speaker and to the chairman and ranking minority member of the Senate Foreign Relations Committee.

Section 201(e). Prohibition of Assistance on Large Projects Without Approval of Congress

This provision would amend section 620(k) of the act to broaden and make permanent the temporary prohibition against the initiation of very large projects.

This prohibition had its origin in 1963 in the concern of Congress over the proposed Bokaro steel mill in India. As originally enacted in 1963, the subsection read as follows:

"Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

In 1964, this prohibition was extended to 1965; but it has not been again extended and has not been operative since September 6, 1965, the date of enactment of the Foreign Assistance Act of that year.

The new provision would require, from now on, the express approval of Congress for the initiation of these very large projects.

It would also broaden the existing law to include grant military assistance programs which will amount in aggregate to more than \$100 million. The purpose is to attempt to provide an additional safeguard against programs which begin small and grow to major commitments.

With respect to military assistance, the committee intends the restriction to apply to executive agreements for new programs or for substantial modifications of existing programs where the U.S. commitment is for more than \$100 million even though spread over several years. The agreements for military assistance to Spain and Pakistan are historical examples.

7. MINORITY VIEWS OF MR. MORSE (1966)

Foreign aid and foreign policy

To the extent that foreign aid has been a tool of American foreign policy, it has been a costly and highly ineffective tool. At best, it has helped some countries at an extravagant price to the American taxpayer; at worst, it has sucked the military forces of the United States into foreign lands where we believed our prestige was involved because we had expended lavish aid on a particular political faction.

The Congress cannot escape the full responsibility for the direction, the effectiveness, and the cost of economic assistance. This is not foreign policy of the kind that the Constitution vests in the Executive. If it were, no legislation would be involved.

Economic assistance from the United States to any foreign country requires legislation, and while wide discretion may be given to the executive branch for its administration, the responsibility for its successes and failures will always lie with Congress.

In the recent past, indiscriminate aid programs have served to stimulate and underwrite the war between India and Pakistan, the near war between Greece and Turkey, the growing arms race in the Middle East, widespread corruption in numerous countries, and a rash of military juntas in Latin America. So long as Congress fails to prescribe the terms and conditions that will curtail or suspend aid in these situations, and impose guidelines that will discourage our involvement in them in the future, we do not fulfill our legislative duty.

If there are those who regard legislative conditions and guidelines as undue interference in foreign policy, it must be pointed out that the only way to take Congress out of this field is to have no foreign aid at all.

Aside from partisans of aid who view it as an obligation owed the poor by the rich, there are partisans who view it as furnishing the United States a foothold for intervention. These partisans argue that aid is simply a tool of foreign policy which gives us the means to deal with situations which may occur in a foreign country. This is a cynical exploitation of foreign people for alleged security interests of the United States. Worse, it will delay rather than advance the time when the people of these countries will have the home-grown institutions and conditions that will enable them to resist the lures or pressures of Communism.

The only realistic test of sound economic aid is results. The major way to test results is to measure them against what was planned or anticipated when an aid program was begun. Where the results fail to measure up, Congress must write corrective measures into the program, for the American people will not support permanently a multi-billion dollar program that does not produce what is advertised for it.

This year, public confidence in foreign aid is sagging lower than ever. Results from many years of the program are coming in at a time of crisis in American foreign policy, and the public does not like what it sees. Public confidence will deteriorate further if Congress continues to relax its already lax guidance of the program.

Advances and shortcomings in committee bill

The committee has made some improvements in this year's bill. Fixing the number

of countries in each category is the only way to assure that our financial efforts will be concentrated on countries where they have the best prospects for achievement.

But no loophole should have been left for supporting assistance to additional countries, for this is the worst rathole in the whole program. Moreover, the development, lending, and technical assistance country limits are exclusive of Alliance for Progress countries. American foreign policy officials are so accustomed to offering money as an integral part of diplomatic relations with poor countries that \$2 million for Guyana was announced before it had been independent a week and before a U.S. Ambassador had been confirmed. This assumption that establishing diplomatic relations or recognizing a government means adding that country to the U.S. dole is not one that will be abandoned readily by any administration. It can only be abandoned by strong congressional action.

Retaining annual review at the authorizing stage as well as the appropriation stage is the only way to notify recipients that the American people want performance and not promises as a condition of aid.

Restoration of the \$100 million limit on new programs or projects that may be undertaken without specific authorization by Congress will enable Congress to consider new directions or major new obligations of the aid program.

The bill's chief shortcoming is its failure to reduce the amounts in each category. Expansion of other channels of lending, the demands of the war, the threat to the balance of payments, and the lack of performance by many recipients, justify marked reductions in all aid categories in the bill.

As reported, it also fails to put limits on economic aid to nations using our substance as a foundation for military establishments beyond their needs, and adventures aimed at non-Communist neighbors.

Economic aid on the rise

The separate provision of funds for southeast Asia and the Asian bank have raised total economic assistance well above last year's level. It is, in fact, a device increasingly used to leave the single aid bill at the same level while getting more funds from new sources.

There is no place in the Federal Government where the American citizen can go to get a reliable dollar figure on the total cost to the United States of our annual foreign activities. But the economic bill before the Senate, in the amount of \$2.46 billion is but a small portion of this Government's outlay for what are essentially economic aid purposes—or which have that effect.

Funds available or requested for fiscal year 1967

Agency for international development	\$2.460
Food for peace	1.600
Anticipated supplemental for southeast Asia	.500
Asian Bank	.120
Inter-American Bank	.250
International Development Association	.104
Total	5.034

This still does not include the Peace Corps, the World Bank subscriptions sold to private investors, United Nations development agencies, or Federal Reserve and Export-Import Bank contingency support of the British pound sterling. Nor does it include any military aid or expenditure abroad by 800,000 American servicemen and their families.

I take this occasion to serve notice that next year I will ask that the administration present the Senate with a bill of particulars and include in it the total amount of assistance of this kind.

I believe that the annual foreign drain on the budget of the United States, exclusive of

the war in Vietnam, is in the magnitude of \$10 billion per year. It is an educated guess. Let the administration prove the figure is too high, or too low. They have the figures and the personnel to do the job.

Effect on U.S. balance of payments

As the costs of the Vietnam war accentuate the problem with our deficient international financial accounts, the Congress must examine more closely than ever the extent to which the aid program contributes to that problem. Here is one of the key areas where we cannot afford a "business as usual" attitude toward foreign aid.

That sector of American business which enjoys AID contracts to send its goods abroad at taxpayer expense has largely dominated the foreign aid debate within the business community. But American business which exports for sale is making a stronger case each year against the effect of assistance which mean loss of cash business.

The International Economic Policy Association sets forth evidence on this point that Congress can continue to ignore only at real peril. The association's spokesman, N. R. Danielian, pointed out to the committee that voluntary restraint in overseas investment by U.S. business helped bring our deficit in 1965 down to \$1.3 billion, compared with \$2.8 billion in 1964.

But outlays for the Vietnam war, plus increased imports resulting from a high level of economic activity for which the war is also partly responsible, have worsened the outlook.

Despite assertions that AID lending is tied to American industry, the flight of foreign cash business away from the United States through substitution is alarming. Geographically, it is most acute in Latin America, and it is most acute financially where "program lending" is used.

Latin America, the Near East, and south Asian countries received 90 percent of program loans in fiscal 1964 and 1965. In 1965, 58 percent of U.S. aid in these areas took the form of program loans.

During the years 1958-64, our economic assistance exceeded our trade deficit by amounts running between \$1.1 and \$1.5 billion a year. Increased efforts to "tie" our assistance has not changed this picture.

Mr. Danielian stated the case in a nutshell when he said:

"Since we put a line of credit at their disposal against which they can charge anything they buy in this country, except some questionable items like luxury goods, they shift their cash purchases to purchases with aid money, and they use the resulting savings of their own foreign exchange to buy in other countries. * * *

"I think the first important point to realize is that development loans should be used for development purposes, and development is the creation of industrial capacity for production. This can only be accomplished by projects, whether they are powerplants, shoe factories, food processing plants, and so on, and if this is the purpose of the aid program, then let us put our money into these kinds of projects, incremental projects, that add to the capacity of the country to increase its production."

Economic aid and military assistance are inseparable

One of the tragedies of the American economic aid program is the degree to which there has developed a direct relationship between economic assistance and military expenditures of recipient countries. It argues convincingly against separating economic and military aid in the legislative process.

Economic aid often supports the creation of military machines in countries which cannot support them. The administration and the Congress have not come to grips with this problem.

The classic case involves the assistance which the United States has given to India and Pakistan. When the United States agreed to arm Pakistan on the theory that it would be a bulwark against possible Communist aggression, India complained. The Indians were worried that U.S.-supplied arms would enable Pakistan to use force some day against India, rather than against a Communist onslaught as the United States feared. India, therefore, used its own budgetary resources to purchase and manufacture arms with which to meet potential threats not only from China, but from Pakistan.

But with India putting funds into armaments, there was little left over for food and other necessary imports. So the United States provided economic aid in the amount of \$5.8 billion from 1949 until 1965, thus freeing Indian funds for armament.

Those in Indian and Pakistan who suffered from this arrangement were the people—the little people—the ones who needed food and fertilizer. Then, of course, there were the soldiers who served in the armies which finally clashed last August in battles which pitted American-supplied Patton tanks manned by Pakistanis, against British Centurion tanks purchased from the British and manned by Indians.

Much the same thing is happening in the Middle East. We supply arms directly by grant to Jordan and sell them to Israel and Saudi Arabia. Meanwhile, Egypt's economic base for a Soviet-supplied military establishment is strengthened by our munificent extension of food. Our policymakers believe they are balancing these forces against each other. What they are doing is building a house of matchsticks. When it collapses, the United States will once again be encouraged to believe that military intervention by the United States is the only thing that can save the situation.

What do we owe to developing countries?

Grants and loans for development purposes, as contrasted with reconstruction, began about 15 years ago. Enough time has elapsed to arrive at some firm judgments about the value and effectiveness such programs can have in undeveloped countries.

The first conclusion must surely be that local interest, determination, and leadership are the essential ingredients for development and not American capital. Our loans and grants can supplement but can never replace those ingredients.

Our 15-year experience surely demolishes the worst fallacy about foreign aid. This fallacy holds that wealthy, industrial countries owe some obligation to contribute a fixed percentage of their national wealth to the poor nations. Yet the advocates of this theory would be horrified to see it applied within the United States. It would mean taxing the rich States in order to give money to the poor States just because they are poor, without providing extensive guidelines on how it is to be used, intensive supervision to see that the purposes of the program are carried out, and prompt suspension of assistance when specifications of the national purpose are not carried out.

The first and foremost obligation to the undeveloped countries lies with the people of the undeveloped countries, and their governments. It is the obligation to use outside financial help as effectively as possible. Too much American money is simply foisted on them for purposes and projects in which they have no interest and which they merely tolerate because the United States wants them to have it.

Proponents of the "we owe you a fixed percentage of our gross national product" theory give little attention to the real needs of poor nations. The one thing the people of these nations do not need is American subsidization of their old, semifederal ways

of doing things. Such subsidizing is not sound policy for the United States, either, for it induces us to throw more and more resources—even military forces—behind an unpopular and precarious government in the effort to justify our initial bad judgment.

Secondly, in our zeal to push funds into many of these countries we have found it much easier to push products and commodities than to promote or finance the development of natural and human resources. Much of this development probably calls for grants rather than loans. But it is being dangerously neglected by both borrowers and lenders.

Education in too many poor countries remains the mark of the privileged. In some,

sending sons abroad for degrees from America or Britain is a sine qua non of the upper classes. Too much of our AID education assistance simply accommodates them in this neglect of their total national human resources. Despite the overcrowding of American campuses with American students, we continue to jam foreign students into them instead of concentrating on building education centers in their home countries.

We are also neglecting in our aid programs the basic education that we would call elementary and secondary. Figures for the Alliance for Progress, which is the most purely development program of any we have, show a distressing lack of emphasis on education.

Laotians, Indians, Pakistanis, and Vietnamese, all of whom have been deluged with U.S. aid.

George Kennan stated the case very well before the House Foreign Affairs Subcommittee on the Far East when he said:

"I do feel very strongly that the only people really worth helping in this world are the people who say: We propose to survive whether you help us or not, but it will be a little easier for us if you help. The ones who come along and say to us: 'If you don't help us, we are going to go Communist, and then where would you be?' I think by definition are beyond helping."

But there is another side to the aid coin. Not only do we alienate the people we are trying to help, but we alienate those we are not trying to help. The latter are likely to view us as meddlesome neighbors anxious to tell others how to act and what to do. There is a further effect on the United States when it assumes responsibilities everywhere.

This point was made a few days ago by Dr. Henry Kissinger, of Harvard University, when he testified on June 27 before the Committee on Foreign Relations. Although he was referring specifically to the American attitude toward Europe, his comment is equally applicable to our posture toward Asia and toward recipient aid countries generally. He said in part:

Some critics of American policy argue that the attempt to play a role simultaneously in every part of the globe is beyond our physical resources. It seems to me clearly beyond our psychological resources. If we insist on assuming the principal responsibility for every square mile of territory at every moment of time, we will tear ourselves to pieces inwardly. The continent closest to us culturally, with similar political traditions and substantial economic resources should—for our sake as well as its own—assume a greater responsibility for its policy and defense. It is neither in our interest nor that of Europe that Europe become the Greece to our Rome—a political backwater, interesting culturally but unable to play an active role. This would not be healthy for us because hegemony is demoralizing in the long run.

"Painful as it may be to admit, we could benefit from a counterweight to discipline our occasional impetuosity and to supply historical perspective to our penchant for abstract and 'final' solutions."

I have made this extensive report to buttress what seem to me to be two fundamental points: first, that aid as such does not necessarily advance our foreign policy interests but as presently conceived may actually damage our interests abroad; and second, that even when we pour in economic aid, it too often does not bring economic results—to use the words of the Senator from Michigan, Mr. GREFFIN, it often makes the rich richer and the poor poorer.

Furthermore, it often creates an unhealthy dependency upon the United States at the very time when recipient countries should begin to make way on their own. Sooner or later the spoon-fed baby will knock the spoon out of his mother's hand; and that is what is going to happen to the United States if we continue present policies.

I would not begrudge the expenditure of 1 cent of these sums were I convinced that the American people were getting their money's worth. But they are not. Much of our aid—military as well as economic—is creating abroad societies which will be ever resentful of the United States. Their resentment will be focused on military forces we have created which stifle change and often promote military domination. Their resentment will be focused on our unilateral interference, financial or military, in their internal affairs, when there were international institutions available. Their resentment will well up from their desire to be independent and to do

Alliance for Progress breakdown of total fiscal year 1966 technical cooperation funds

	Amount (thousands)	Percent
Basic education.....	\$8,471	10.8
Technical training in industry and agriculture.....	6,012	7.7
Natural resources development-land reform.....	14,369	5.6
Other.....	59,148	75.9
Total.....	\$78,000	100.0

¹ Natural resources development including land reform as shown above is restricted to natural resource surveys, forest management, land settlement, agrarian reform, and related activities. Excluded are overall agricultural productivity programs such as agricultural extension, crop research and development, cooperatives development, rural community development, agricultural marketing, agricultural diversification, etc. If the category of natural resources development is expanded to include all food and agricultural activities, including technical training in agriculture, the total TC funds would be 13,629 and the percentage would be 17.4.

² Total of \$78,000,000 excludes \$10,000,000 for Alliance for Progress share of nonregional costs.

Breakdown of total fiscal year 1966 development loan program funds

	Amount (millions)	Percent
Basic education.....	\$3.2	(¹)
Technical training in industry and agriculture.....	111.4	22
Natural resources development-land reform.....	305.0	62
Commodity imports (nonproject).....	73.5	15
Other.....		
Total.....	493.1	100

¹ Less than 1 percent.

² Includes loans for supervised agricultural credit; livestock, agricultural, and mining banks; access roads fertilizer imports; and related activities.

³ Local currency counterpart also programed in many cases for education, agriculture, and other natural resources development.

The use to which proceeds of nonproject, or program, loans are put are not included in the above table. But the breakdown of the proceeds from program loans to Chile shows that about 9 percent of the 1963 loan went for education, about 5 percent of the 1964 loan, and about 16 percent of the 1965 loan. This is a meager allotment relative to need.

Although Chile has a high literacy rate relative to other South American countries, 40 percent of its total population is under 15 years of age. Literacy rates in many of these countries experiencing a population explosion will not even be maintained, much less reduced, unless faster progress is made to expand teaching facilities.

Education is perhaps the most important key to the development of poor nations. It cannot be forced on them; it cannot be financed by the United States on our say-so and without their enthusiastic cooperation.

Unless recipients move much faster and further in this field, they will never achieve sufficient productive capacity of their own to sustain growth or repay our loans.

CONCLUSION

We will not have a useful and effective aid program of the kind that seeks to build stable and autonomous governments until we learn that a massive American presence is not the key to this process. It can be a great hindrance. The Wall Street Journal of June 10, 1966, reports from Tokyo the high returns that Japan is enjoying from its modest aid efforts:

"Compared to exportable great societies, massive U.S. overseas spending and America's awesome foreign military commitments, Japan's modest approach to international affairs may seem, to some Americans, almost amusing. Yet Asian recipients of even small Japanese offerings, tied as they are to goods made in Japan, are nonetheless grateful. In fact, some appear more appreciative of small Japanese help than they are of infinitely more lavish U.S. gifts.

"And if Japan isn't hailed as Asia's new political precursor, she at least isn't damned, as is the United States so often, for meddling in others' internal affairs or supporting unpopular regimes."

General Ne Win, of Burma, a country which needs capital and technical assistance, took the initiative a few years ago to throw us out. Recently he was quoted (New York Times, June 20, 1966) as saying:

"Unless we Burmans can learn to run our own country we will lose it. Of course there are hardships. But we must put our own house in order."

He referred to some of his southeast Asian neighbors staggering under loads of money from the United States. The general said:

"This kind of aid does not help. It cripples. It paralyzes. The recipients never learn to do for themselves. They rely more and more on foreign experts and foreign money. In the end they lose control of their country."

Very well put. The Burmese are poor but not much worse off than Indonesians, Thai,

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HIGHLIGHTS: Senate debated foreign aid authorization bill.

SENATE

1. FOREIGN AID. Continued debate on S. 3584, the foreign aid authorization bill (pp. 16015-48). Agreed to, 51-31, an amendment by Sen. Ellender to reduce from \$700 million to \$658 million the authorization for supporting assistance in fiscal year 1967 (pp. 10615-~~20~~ 48).
2. LANDS; RELOCATION PAYMENTS. Passed as reported S. 1681, to establish a uniform policy of fair and equitable treatment of persons, businesses, or farms displaced by the acquisition of real property for Federal and federally assisted

programs. The bill provides that this policy shall be as uniform as practicable with respect to relocation payments, advisory assistance, assurance of availability of standard housing, Federal reimbursement for relocation payments under federally assisted programs, and certain land acquisition practices. pp. 15947-15965

3. ADMINISTRATIVE LAW. The Judiciary Committee reported without amendment S. 3254, to amend the U. S. Code with respect to the scope of the Federal Rules of Civil Procedure and to repeal inconsistent legislation (S. Rept. 1406). p. 15935
4. EDUCATION; HEALTH. The Judiciary Committee reported S. 2097, to provide for judicial review of the constitutionality of grants or loans under certain education and health acts (S. Rept. 1403). Sens. Smathers, Cooper, and Fong were added as cosponsors to this bill. pp. 15935-6
5. PATENTS; COPYRIGHTS. The Judiciary Committee reported with amendments S. 1237, to encourage the creation of original ornamental designs of useful articles by protecting the authors of such designs for a limited time against unauthorized copying (S. Rept. 1404). p. 15935
6. PRICES. Sen. Proxmire discussed and inserted June Consumer Price Index figures and urged caution in drawing conclusions about inflation and the state of the economy from this index. pp. 15965-71
7. CREDIT. Sen. Douglas spoke in support of the truth-in-lending bill and inserted supporting letters. pp. 16001-2
8. DAIRY INDUSTRY. Sen. McGovern inserted a press release from the National Farmers Union quoting its president as urging consumers "not to blame farmers for rises in retail milk prices caused by an increased take for the middleman." pp. 16009-10
Sen. Proxmire expressed the hope that the House will act with dispatch to pass the school milk program extension. pp. 15971-2
9. COTTON RESEARCH AND PROMOTION. Sen. Thurmond commended and inserted an editorial which he says explains "the reasons behind the need for" the recently enacted Cotton Research and Promotion Act. pp. 16010-11
10. HIDE EXPORTS. Sen. McGovern inserted a meat packers association resolution protesting the hide export order and supporting S. 3175, to amend the Export Control Act. pp. 16011
11. FORESTRY. Sen. Morse inserted a speech made by Secretary Freeman which he stated was "a comprehensive report on national forest activities." pp. 16011-4
12. ADJOURNED until Mon., July 25. p. 16049

HOUSE

13. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 9976, amended, relating to compensation to the owners of private land utilized for ditches or canals in connection with any reclamation projects. p. D662

The police departments in the large cities of this country are harassed and hampered in their efforts to control these riots by the lack of full support of the civil rights leaders. The time has come to give the police departments of the country and the law-abiding citizens of this Nation the best support they can receive and that would be the full and publicly expressed support of the President. I appeal to the President to speak out strongly, forthrightly, and plainly against lawlessness, crime, and violence, and in favor of maintaining the law as a means of protection for people who wish to live their lives peacefully.

Mr. THURMOND. Mr. President, will the able Senator yield?

Mr. BYRD of West Virginia. I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I would like to be associated with the remarks of the distinguished Senator from West Virginia [Mr. BYRD] and commend him for his splendid statement.

I have made remarks along this line on numerous occasions. I feel that the time has come when it is essential that the President take a stand on this matter.

The country has almost come to the point now of whether we are going to have law or whether we are going to have a lawless country.

I feel that the time has come when the Congress must submit a constitutional resolution that will provide that certain changes can be made in confessions.

The PRESIDING OFFICER. The 5 minutes of the Senator from West Virginia have expired.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to proceed for 2 additional minutes.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 2 additional minutes.

Mr. THURMOND. Mr. President, the old rule was that if a confession was voluntary, that was the test. As a lawyer, I have witnessed that rule being followed for many years. As a judge, I charged that rule to the jury, that so long as the confession was voluntary—and that was a matter for court and jury to determine—it should be admitted.

Last week, I was talking to a chief of police and he told me that in 90 percent of the crimes which occur, the criminals are apprehended chiefly by confessions or where there is a followup in getting a confession. He said it was difficult to get witnesses and to produce evidence that might be sufficient to convict, in many cases.

I am therefore hoping that the Judiciary Committee of the Senate will submit to the Congress a proposed amendment to the Constitution which will have the effect of invalidating the unreasonable, impractical, unwise, and unwarranted decisions of the U.S. Supreme Court along this line.

Again I commend the able Senator from West Virginia for his stand on this matter.

Mr. BYRD of West Virginia. I thank the Senator from South Carolina for his comments.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial which was published in the Moorefield Examiner, in Moorefield, West Virginia, on July 20, 1966, entitled "More Riots."

There being no objection, the editorial was ordered printed in the RECORD, as follows:

MORE RIOTS

We are disturbed by the three rays of riots in Chicago which resulted in the deaths of three persons, injuries to scores, and hundreds of thousands of dollars in damages to private property. Again, as in the Watts riots in Los Angeles, it wasn't a case of civil rights, no one was being denied the so-called freedoms, no one was denied the right to vote, the right to protest, the right to march, or any other of the alleged grievances associated with the civil rights movement. The Chicago riots were sheer wanton looting, vandalism and arson. There simply is no rational reason for hundreds of negroes breaking store windows so they could steal the contents of the stores. There is no rational reason for deliberate arson, for attacking strangers, hurling rocks and bricks at passing cars. What sort of criminals are they that hide in upper story apartments and shoot at police? It was incredible that no one was hit in the hundreds of shots that were fired.

And all of this senseless damage, mostly to property owners who had nothing to do with any of it, was supposedly caused because police turned off a fire hydrant which was illegally turned on.

While we are far from being an admirer of Dr. Martin Luther King, he was making honest, frantic but futile efforts to stop the senseless violence. As were other dedicated civil rights workers. The violent, property destroying, thieving and wanton burning of private property by criminals has done more to crystalize opinion against the emerging negroes than anything else that could happen. Most people in the country are either indifferent to the cause of civil rights, or have mild reservations. A relative few are either rabidly for or rabidly against the movement.

It is apparent that these riots are a bit more than spontaneous occurrences. Too many people are involved. They are too well prepared, which makes it obvious that there are agitators on the spot who spent considerable time planning the moves. It is also obvious that this violence is timed to occur whenever responsible, non-violent civil rights workers are conducting a campaign. There is no question about it that those fomenting and agitating these planned acts of violence are known in the negro communities. Whether they have direct or indirect ties with the Communists is academic, but the acts have all the earmarks of trained agitators and only two countries have schools for that kind of training.

We submit that the negro communities will have to accept the responsibility of handling and policing these professional agitators themselves. The least that responsible negroes can do is to inform the authorities. Continued violence will set back the cause of civil rights for another generation.

FOREIGN ECONOMIC ASSISTANCE, 1966

The PRESIDING OFFICER. The Chair, in accordance with the unanimous-consent request, lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S.

3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] (No. 695), on page 14, line 23, to strike out "\$700,000,000" and insert in lieu thereof "\$658,000,000".

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, the pending amendment is simple. It seeks to cut from the supporting assistance program only \$42 million. The purpose of the amendment is, of course, to permit the authorization to coincide, so to speak, with what the Committee on Foreign Relations did in reducing the number of countries which will be entitled to these funds from 14 to 10.

I listened with great interest to much of the debate that took place yesterday afternoon when the distinguished junior Senator from New York [Mr. KENNEDY] made his speech. The great trouble is that many Senators are not too well informed about the foreign aid program. Over the past 18 years, the United States has been furnishing foreign aid to practically all the countries of the world and foreign aid has become an arm of our foreign policy. When this program began in 1948, funds were appropriated only to take care of Western Europe.

The countries there were badly in need of economic assistance because they had been ravaged by the action that ensued during World War II.

Mr. President, I voted for aid to Western Europe and I make no apology for this. I felt then, as I feel now, that it was a good thing to do. But I have since become disillusioned. I felt that if we did help the countries of Western Europe, that if, as, and when we needed their assistance, we would have no trouble obtaining it from them. But that has not happened.

Today our great country is engaged in a cruel conflict in southeast Asia. We have knocked many times at the doors of our rich allies of Western Europe for assistance, but most of them have said to Uncle Sam, "That is your baby; you nurse it." As a result of that attitude, we have been carrying the load in southeast Asia almost alone. The only assistance we are receiving there comes from the peoples of southeast Asia and from South Korea, which furnishes one division that we support in toto. We provide all of the military hardware, the transportation, and even a part of the salaries of the people who assist us in southeast Asia with the possible exception of Australia.

Mr. President, I want to point out that the amount of foreign aid that is made available, in the Foreign Assistance bill does not reflect the total amount of foreign aid we furnish each year. Last year, the President sent us an estimate which he called a barebones estimate of \$3.4 billion. We finally voted for \$3.2-plus billion. But in addition to that huge sum, we furnished \$1.750 billion worth of food and fiber to our friends under Public Law 480 and some additional billions for international banks and organizations as was pointed out yesterday by the Senator from Illinois, the minority leader [Mr. DIRKSEN]. He presented evidence indicating that we are members of seven or eight international organizations, to which we have contributed and are contributing very heavily.

When these sums are totaled for this fiscal year it will be found that foreign aid will be far in excess of the barebones \$3.3 billion the President is requesting in the pending measure.

As I stated yesterday, Mr. President, the current amount we provide for foreign aid is in excess of the yearly amounts provided by us during the early years of our foreign aid program.

Mr. President, it was my privilege to make a special trip to Western Europe in 1960 between the Democratic and Republican conventions. My reason for doing it was to try to substantiate some secret information that I had obtained from the Defense Department in respect to the extent of the military capability of our allies in Western Europe. When I read the secret document, I was dumbfounded. I could not believe it. So I decided to find out for myself if it were true.

During this trip, I visited every NATO country with the exception of Greece and Turkey, and what I found to be reality was even worse than that revealed by the secret report. If the Russians had struck Western Europe in July of 1960, the only soldiers ready to go into that conflict would have been the five and a half American divisions and the brigade from Canada. It would have required time to get the rest of our allies ready.

Mr. President, it is indeed deplorable that we must continue, even today, to hold a military umbrella over our prosperous allies in Western Europe. We have furnished France more than \$9 billion of aid, Germany over \$5 billion, Italy over \$6 billion, the United Kingdom over \$9 billion, Greece almost \$4 billion, and Turkey with \$4.8 billion. Yet we must still provide these countries with military protection.

I do not want to go into the agreement or contract that we made with our NATO allies, but I wish to say emphatically that when I visited Europe in 1960, between the Republican and Democratic conventions, I was amazed, dumbfounded, and disappointed at what I found.

Mr. President, our troops are in Western Europe in greater numbers than they were at the beginning of 1948. Senators who are acquainted with the situation know what happened shortly before our late President Kennedy was assassinated—that because of the flare-up which took place in Germany, in addi-

tion to our five and one-half divisions, we had to send in excess of 47,000 men over there to show the Russians that we meant business.

Mr. President, that would not have been necessary if our allies had kept their promise. Today we have in Western Europe in excess of 600,000 Americans including troops and their dependents. It is costing the taxpayers of our Nation in excess of \$2.3 billion a year to maintain those soldiers in Western Europe, in order to hold this umbrella of protection over our allies.

And it seems that we are not appreciated. We are now on the verge of having to spend more millions of dollars because Mr. de Gaulle is saying to us, in effect, "Get out of France; we don't need you any more. We can do without you."

We recently had a golden opportunity to let Mr. de Gaulle not only take care of the economic end in Western Europe, but the military end as well. If I had been President of the United States, I would simply have told him to take over.

Mr. President, last fiscal year, as I recall, the deficit in our balance of payments was about \$2.6 billion; and that is just about the amount of money we spend in Western Europe in order to maintain the 600,000-odd Americans who are there, helping to hold that umbrella of protection.

Yesterday, in arguing for the amendment submitted by the distinguished Senator from Illinois, the minority leader [Mr. DIRKSEN], I put in the RECORD figures to show that of the \$780 million that was available for the Development Loan Fund in fiscal year 1966 almost 50 percent of that huge amount had been obligated in the last month of the fiscal year.

You know, it is pretty tough for our administrators to get these countries to sign on the dotted line, and carry out programs in keeping with section 201 of the Foreign Aid Act. We have spelled out in the law, the conditions under which these loans are to be made. And I repeat, Mr. President, that it was never intended that any of the funds in the Development Loan Fund were to be used to buy commodities under the so-called program loans. The funds were to be used to improve the economic condition of those countries, by building something that would produce for them. In other words, they should be used for project aid.

Mr. President, the large amount of June obligations is not confined to the development loan program. On the contrary, it pervades the entire AID program. In the contingency fund, a total of \$106 million remained unobligated at May 31, 1966, just 1 month before the end of the fiscal year. By June 30, 1966, this unobligated balance had been reduced to approximately \$35 million. And how did this come about? During the last month of fiscal year 1966, in fact right up to June 30, the last day of the fiscal year, approximately \$70 million was obligated. I ask, why should we provide so much if it is not used?

That has been the burden of the arguments that many of us have put forth in past debates. We have on many occasions provided entirely too much

money for those nations to use wisely. That is why much of the money has been wasted.

My good friend, the junior Senator from New York, stated that some of our allies were doing more than we were, that we were spending less than one-half of 1 percent of our gross national product. As a matter of fact, if we were to add all of the many facets of aid together, it would be found that we are spending in excess of 1 percent of our gross national product to assist our friends across the seas. I do not believe that we have at any time been niggardly in providing our friends with the necessary moneys, food, and fiber.

Much has been said about what we should do in Africa and in South America. It has been my privilege to visit these areas of the world on more than one occasion, and I repeat what I stated in many of my reports. In the case of Africa, I do not care how much money we make available to the people living on that great continent, we shall never get anywhere unless we can get the natural resources there developed for the good of the people.

When I was in Africa in 1962, I found that most of the natural resources—in fact, practically all of the natural resources—were in the hands of Europeans. The Europeans own and control, lock, stock and barrel, practically all of the natural resources of the great continent of Africa. It is my belief that, unless those who own and control those resources work with the people of Africa and develop the minerals, the land, and the water for the good of the people of Africa, no progress will ever be made.

Our country affords a classic example of how a nation should be developed.

We borrowed millions of dollars from the rich of western Europe at that time—the Dutch, the English, and the French. We did not get money from them at one-half of 1 percent with a 10-year grace period, but we had to pay from 5 percent to as much as 7.5 and 8 percent for the money that was borrowed in order to permit us to develop the great resources of our country. Except for the fact that we ourselves undertook the job, worked at it, and developed those resources for the benefit of the people in the United States, we would probably still be as backward a nation as our forefathers found when they first came here.

But it was because of the work that was put forth by our forefathers in developing the resources for the benefit of all, that we developed into a great country.

I can say the same for the continent of Africa. Unless the great mineral resources—the water and land resources—are developed for the benefit of the people who live there, we can never expect great progress to be made in Africa. The same is true of South and Central America, as I have often said. But if that is done, I have no fear that the people will not get along. If a large percentage of the resources is used to build roads, schools, and hospitals, as we have done in our own country, there is no doubt that great progress can be made in the underdeveloped countries.

Incidentally, that is one of the reasons why I have always supported whole-

heartedly our technical aid assistance program. The peoples of Africa, of South and Central America, and of Asia can get our know-how more or less for the asking. We have spent billions of dollars in research, and we have the know-how. In making available that experience to the peoples of Asia, of Africa, and of South and Central America, the economies of those countries can be developed.

But I criticize the State Department for having in advance promised Nigeria, in Africa, \$250 million over a period of 5 years without consulting Congress or without consulting anyone else, except probably the Chief Executive. We agreed to put up \$50 million each year, but I contended then, as I contend now, that most of that money is not being used to develop the great Nigerian resources. Nigeria is potentially rich, but all of the oil, all of the valuable timber, and all of the other natural resources that are in the ground in Nigeria are owned and controlled by Europeans. Unless the Europeans agree to develop those resources in Nigeria for the benefit of the people, by providing for them hospitals, schools, roads, and other types of facilities, such as we have in this country, that area of the world will never be developed.

Most of the raw material found in those areas was transported in its raw state to Europe.

In 1962, I saw mahogany logs that measured 8 feet in diameter being loaded on large ships for shipment to Europe, to the British and to the French. And what did the local people get out of that? They received measly wages, low wages, to cut those logs down and bring them to the port, for shipment across the seas.

If that lumber were used in the manufacture of products there, if the oil produced in Nigeria were refined there, much employment would be provided for the people, and it would not be long before a viable economy could be established in that area of the world.

Mr. President, in my report I stated what would happen in Nigeria. In Nigeria were three regions—the northern, the western, and the eastern—all headed by tribes. The people there never thought of themselves as Nigerians. They belonged to the Ibo or the Yoruba, or other tribes.

Soon after I left there, the very thing happened that I had predicted: The prime minister of the government that had been established and was in charge was shot to death. And today, Nigeria has a military government, with each of the three of the regions pulling from each other. For instance, instead of one research station that we helped to put up in Nigeria, it was necessary to establish three. As I said, the very thing happened that I had predicted.

In recapitulation, Mr. President, I wish to say that regardless of how much money we make available to the people of Africa, unless the natural resources of that great continent are developed for the benefit, first, of its people, so as to create and establish a viable economy, no progress to amount to anything will be possible.

I am hopeful that the Europeans will be able to assist in developing that great area of the world and in creating viable economies in many of those countries. Undoubtedly, if ever a viable economy could have been created in the Congo, the Belgians were on the way to creating one. But the unfortunate happened, and soon after the natives took over, chaos followed, and there is still much chaos.

The same situation exists in the Rhodesias—North and South Rhodesia—and Nyasaland. When I was in that area in 1952, I stated that one of the best steps that could be taken would be the creation of a confederation of North and South Rhodesia and Nyasaland. That area of Africa was capable of creating a most potent and viable economy. But 10 years later, when great progress was being made, the British consented to permit Nyasaland to secede, and of course that was followed by North Rhodesia seceding. In that area of the world today, where a great and viable economy was being established, there is chaos threatening.

Mr. President, in the pending amendment I have attempted to provide the funds in keeping with what the Committee on Foreign Relations has suggested. The Committee on Foreign Relations has provided that the supporting assistance would be made available to 10 countries, instead of 14. But when the committee took that position, it provided more money for 10 countries than was provided for 14 countries. My proposed amendment would simply do this: One of the 10 countries would be South Vietnam, and for South Vietnam we would provide \$550 million. My amendment would not affect that amount at all.

In respect to the nine remaining countries that would be provided for under the bill proposed by the Committee on Foreign Relations, I have provided \$108 million that would average out \$12 million for each country, which is the same amount received by supporting assistance recipients in fiscal year 1966 when there was a total of 14 countries on the list.

Again, I repeat. According to my calculation, \$12 million multiplied by 9 totals \$108 million. If that amount is added to \$550 million, it represents a total of \$658 million to be provided for these countries in keeping with what the Committee on Foreign Relations desires. If the \$658 million is deducted from the \$700 million, there is a difference of \$42 million, and that is the amount that I ask the Senate to cut from supporting assistance.

I repeat, Mr. President, that this cut would in no manner affect South Vietnam. South Vietnam would retain its \$550 million, and the rest of the countries that would be entitled to this money under the bill of the Committee on Foreign Relations would receive a total of \$108 million. That would give to each of those countries the same amount of money in toto that they received last year.

It seems to me, Mr. President, that it is almost senseless for us to decrease the number of countries from 14 to 10 and then give more money than was given last year.

The proposal I am submitting is based on facts. It is based on what the Committee on Foreign Relations intended to do, and it is my contention that with this \$42 million cut, the amount provided for the 10 countries under the provisions of the bill will be the same as what those countries got last year.

Mr. President, as I said in the beginning of my remarks, in many of these programs the money made available was not used in full. In the case of supporting assistance the total appropriated for fiscal year 1966 was \$684,200,000, and the estimates of unused funds at June 30, 1966, are in excess of \$15 million.

I wish to emphasize, Mr. President, that the Senate decided several years ago to convert our aid program from the grant type to a loan-type program. I might point out that supporting assistance programs are all grants. Of course, the more it is increased, the more money there will be to make available to these countries by way of grants, and if this is so they will not wish to borrow money.

In this connection, Mr. President, our foreign aid program is once again being converted to a grant program rather than a loan program. The Foreign Assistance Act of 1961, as initially adopted placed emphasis on a loan program. By 1964 74 $\frac{1}{10}$ percent of our aid was by way of loans. Now, the amount is only 65 percent, and it is going down, while grants continue to increase.

The amendment which I am proposing is in keeping with what the Congress decided to do 5 years ago, which was to veer away from the grant program and to go into the loan program.

I submit that we should follow that principle. I feel confident that the people we are trying to help will be more prone to help themselves if we provide that they are to repay the money which we make available to them.

I hope that the amendment which I have submitted is agreed to.

(At this point Mr. MONDALE assumed the chair.)

Mr. RUSSELL of South Carolina. Mr. President, will the distinguished Senator from Louisiana [Mr. ELLENDER] yield?

Mr. ELLENDER. I yield.

Mr. RUSSELL of South Carolina. I compliment the Senator on his fine presentation. I know that he has taken a great deal of interest and has a great fund of knowledge in this field.

I have just finished reading Cabell Phillips book entitled "The Truman Presidency." He discusses the genesis of the Marshall plan. He indicates the Marshall plan originated, as I read his book, from a memorandum prepared by Mr. Paul Nitzi, who was at that time an economist with the State Department, and assistant to Under Secretary Clayton.

He prepared a memorandum in which he justified both as a program and as to amount, the entire Marshall plan on the basis of the surplus we had in the balance of payments. He fixed it at \$5 billion. That became, as I read it, the basis—the memorandum again—of foreign aid as it originated at that time. The amount was fixed at \$5 billion.

I wonder if the Senator could tell us the condition of our balance of payments at this time?

Mr. ELLENDER. I wish to state first to my good friend from South Carolina that the RECORD will show that I was the first Senator to raise that question back in 1957-58. In 1954, as I remember, and as I have pointed out, we had a reserve of \$22.8 billion in gold bullion. Today we have about \$13.4 billion. In other words, in the space of less than a little over 10 years we have lost the difference between \$13.4 billion and \$22.8 billion.

Mr. President, what concerns me is that a good deal of this gold has found its way to Western Europe. Against the \$13.4 billion that we now have in gold bullion, we owe in short-term notes and other obligations that we have created, in excess of \$27 billion.

If the countries of the world who own these short-term securities were to convert them into gold, as they have the right to do under the law, we would be about \$12 billion short in gold bullion in order to meet this problem.

As the Senator knows, citizens of the United States can only accept the \$20 bill, some of which is backed by silver, some by gold, and some by the Federal Reserve Bank. We cannot dip into the gold bullion. But if a Frenchman has \$100,000 in dollar bills he can send over here and get gold for that.

I think we are fortunate that heavy demands are not being made on us now. Our gold reserves are, as I have said, far short of meeting the demands of those who now own the short-term notes of this country, the dollars, and other securities. They could dry us up overnight if they wanted to. But I am not expecting that. It simply demonstrates, Mr. President, what happened to us in the last 8 or 10 years, and all of this is being done now.

We have obligations in South Vietnam where we send many dollars to pay off our soldiers; they spend a lot of money and, of course, those dollars worm their way to markets in Hong Kong and Japan and other places. The foreigners have only to present the dollars and ask for gold and we have no recourse except to pay them off in gold.

Mr. RUSSELL of South Carolina. At the time we began our foreign aid program, we had a surplus of about \$5 billion a year. Today we have a deficit in the balance of payments which creates quite a difference in our position, as far as foreign aid is concerned.

Mr. ELLENDER. The Senator is correct. That has been going on since 1958 when I first brought it to the attention of the Senate. In fact, it was going on 2 or 3 years before that.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. ELLENDER. As the problem became more and more aggravated, I again brought it to the attention of the Congress. But at the time very few Senators paid attention to it.

Mr. KENNEDY of New York. The Senator from Louisiana has had a considerable background in connection with foreign aid during the 1940's and spoke about it briefly at the beginning of his remarks.

Would the Senator advise the Senate as to what percentage of our gross national product went into foreign aid?

Mr. ELLENDER. Now?

Mr. KENNEDY of New York. During the time between the 1940's and the early 1950's. Does the Senator have those figures?

Mr. ELLENDER. I do not have that figure.

Mr. KENNEDY of New York. The figures which were given to me—

Mr. ELLENDER. The gross national product at that time was less than half what it is now. As I recall, approximately \$250 billion. It has now gone up to \$675 billion. It is my belief that if we are enveloped by inflation, it might reach a trillion dollars.

Mr. KENNEDY of New York. My understanding was that during that period of time the percentage of the gross national product that went to our aid program was approximately about 1.3 or 1.4 percent, and that it is now down—if we are making any comparison—to about one-half of 1 percent.

Mr. ELLENDER. Does the Senator mean of the gross national product?

Mr. KENNEDY of New York. The gross national product. The same is true of our budget. Aid was given under rather difficult circumstances from 1948 to 1950, amounting to about 8 or 9 percent of our budget, and now it is below 3 percent.

Mr. ELLENDER. No. I hate to disagree with my good friend from New York, but the Senator is basing his figures on the appropriation now before the Senate, which is \$3 billion, in round figures. But the Senator must add to that the funds that will be required to pay for the food and fiber we are giving in connection with this program.

Mr. KENNEDY of New York. Food for Peace.

Mr. ELLENDER. Right. In addition to that, my good friend from New York overlooks the fact that we are the major contributors to 7 or 9 international banks—including the World Bank, in which we have put many, many billions of dollars. That, of course, must be considered as foreign aid, because we have already put up the money, and we are putting up money each year, and are being called upon to contribute our share to IDA. Concerning the World Bank, I saw in the paper the other day, that it is going to try to get another \$1 billion increase. I think that the amount of assessment which may be made against us will be around \$400 million. Certainly, that is a part of foreign aid.

Mr. KENNEDY of New York. Even accepting those figures, still, it is a very small percentage, and we are making a very small percentage of effort now, compared with what we did during the 1940's and the early 1950's. If we were now to give 1.4 percent of our gross national product, as we did then, we would spend over \$10 billion. The point is the small size of our present effort, let me say to the Senator from Louisiana.

Mr. ELLENDER. That is, if we consider the gross national product.

Mr. KENNEDY of New York. The gross national product in the United States, or if we consider the Federal budget of this country, the growth of our

economy and the growth of the population, the percentage of effort we are making in the United States is far less now, in 1966, than it was 15 or 18 years ago when the United States was a much poorer country.

Mr. ELLENDER. I would agree to that, let me say to my good friend from New York, but at that time, I believe that more efforts were being made to try to balance the budget. Our debt at that time, if I remember correctly, in 1940, was about—what?

Mr. KENNEDY of New York. I am talking about 1948.

Mr. ELLENDER. 1948—I would say approximately \$26 billion.

Mr. KENNEDY of New York. I mean right after the war, so it would be considerably more than that.

Mr. ELLENDER. Of course. Excuse me. I was thinking of when I first came to the Senate in 1937. Around 1945—or just after the war, of course, it was around \$265 to \$270 billion.

Mr. KENNEDY of New York. Yes.

Mr. ELLENDER. That is true. The debt, as the Senator knows, has been gradually increasing to the point that it is now \$329 billion. Our carrying charge on that huge amount has been steadily increasing until now it is approximately \$1.1 billion a month. That is quite a nice sum of money.

Mr. KENNEDY of New York. Just on that point, would not the Senator agree, however, that the debt per person in the United States—in fact, over the period of the past 15 years—has been going down, rather than up?

Mr. ELLENDER. That is because there are more people in the United States now. Yes. That is right. There are 195 million people in this country now.

Mr. KENNEDY of New York. Could I add, also, that the debts of State, local, and city governments, of course, have increased at a much higher rate than the debt of the Federal Government?

Mr. ELLENDER. The Senator is correct.

Mr. KENNEDY of New York. The debts of corporations, and other companies in the United States have also increased considerably more, percentage-wise, than the debt of the Federal Government.

Mr. ELLENDER. We are living now, of course, on the high part of the hog, as the Senator knows. If we do not sell more goods abroad and try to correct this gold bullion problem we are now talking about, it is possible that the economy will flatten out. I hope that it will not. I pray that it will not. But we are at a point now that we have got to be careful.

I want to say to my good friend that he mentioned yesterday the effort being put forth by our friends—let us say, West Germany, in 1961, which furnished foreign aid to the developing nations of the world in the amount of \$600 million. In 1964, West Germany furnished \$460 million, a decline of \$140 million, or 23.3 percent.

I invite the attention of the Senate to the fact that this amount was more or less in loans, not by way of grants and gifts, as we did in the early part of the program.

Mr. KENNEDY of New York. I agree.

Mr. ELLENDER. In the case of France, the country which supplies more aid to the less developed nations than any other country except the United States, the amount in 1962 was \$1 billion, which is about 1.3 percent of the French gross national product. But, that money was being used by France in her colonies in north Africa, French Equatorial Africa, and French West Africa. I was there and analyzed that situation in my reports when I returned after having visited Africa. The French subsidized peanut growers and growers of other commodities which the French desired. This was not a gift which the French made, but they got value received for it. I can well remember—

Mr. KENNEDY of New York. Could I interrupt the Senator at that point—

Mr. ELLENDER. Of course.

Mr. KENNEDY of New York. I think a better description of those countries would be former colonies, rather than present colonies.

Mr. ELLENDER. No, I would not agree with the Senator on that. The Senator is contending, for instance, that the—

Mr. KENNEDY of New York. The Ivory Coast.

Mr. ELLENDER. Yes, the Ivory Coast is free.

Mr. KENNEDY of New York. Yes.

Mr. ELLENDER. The French still deal there. They are in charge there. They are still in charge of most of the commercial interests. The banks there are being run by the French. The same thing is true of India. The British have been in India for 200 years, yet India is supposed to have obtained its independence 18 years ago.

I wish to say to my good friend from New York that all the banks in India and all the commercial features of the economy of India are practically all controlled by the British.

The same thing happened, as I said a while ago, in Nigeria. The English have been, shall I say, cunning in the management of their colonies. I brought in the fact that what the British did was to educate the best talent they could find in their colonial possessions and gradually work them into their government.

So although the British gave independence to Nigeria, the British do not have an ambassador there, as we have; they still have a governor there. The Nigerians depend a great deal on the advice that they get from the British for the management of the economy of Nigeria. The British have charge, as I recall, of the foreign relations of Nigeria, and in other colonies that they control in Africa.

Of course, the same thing, as I have just indicated, holds in practically all of the colonies that were dominated by the British at one time. The British still have control over foreign and commercial affairs.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KENNEDY of New York. Could I ask the Senator how much his cut amounts to?

Mr. ELLENDER. \$42 million.

Mr. KENNEDY of New York. From what countries would that \$42 million be taken?

Mr. ELLENDER. The countries that are now receiving this aid are Bolivia, the Dominican Republic, Haiti, Trinidad and Tobago, Jordan, Yemen, Belgian Congo, Guinea, Rwanda, and Senegal. Those are 10 of them.

We have, in addition, Korea, Laos, Thailand, and Vietnam.

Mr. KENNEDY of New York. Are the nations in the first group receiving the aid that the Senator is planning to cut?

Mr. ELLENDER. Some of them, but they are not going to be cut.

Mr. KENNEDY of New York. I understand it was the second group from which the money would be taken.

Mr. ELLENDER. No; it would be left to the Administrator, because today we are making available supporting assistance to 14 countries. The Foreign Relations Committee has reduced it to 10 countries. As I said, of this amount, the amount included in the bill will not affect South Vietnam at all. It will receive the full amount programs, namely \$550 million. That amount will remain intact.

The point I am making is that the Foreign Relations Committee has stated that the 14 countries that are receiving aid should be reduced to 10 countries. In doing that the amount of money needed has been reduced.

Mr. KENNEDY of New York. I have just contacted the AID Administrator's office, and I was informed that the following countries are recipients of the bulk of the aid: Korea, Thailand, Laos, Dominican Republic, and Jordan.

Mr. ELLENDER. I know that Korea is also included.

Mr. KENNEDY of New York. I mentioned Korea, Thailand, Laos, the Dominican Republic, and Jordan.

Mr. ELLENDER. Bolivia—

Mr. KENNEDY of New York. They say that is not covered.

Mr. FULBRIGHT. Mr. President, if the Senator from Louisiana will yield, I might say that he is correct. I think perhaps the confusion comes about from this fact. Originally the category was only for those countries to whom we gave military aid, but in recent years we have been providing aid under supporting assistance to some countries to which we do not give military aid. The Senator from Louisiana is correct. It includes countries like Bolivia.

Mr. ELLENDER. I have read the list. In Latin America we have four.

Mr. KENNEDY of New York. What percentage of the money in the program is going to Vietnam?

Mr. ELLENDER. Eighty-three.

Mr. KENNEDY of New York. What percentage?

Mr. ELLENDER. It is \$550 million out of \$658 million; all except \$108 million.

Mr. KENNEDY of New York. So the other \$108 million will be taken from the other countries?

Mr. ELLENDER. No; that is what they receive.

Mr. KENNEDY of New York. How much would they receive if the Senator's cut would not go through?

Mr. ELLENDER. I can give the average each received. Bolivia received—I am told by the clerk of the committee that that is classified information. It is secret, classified. But they will receive more, I can assure my friend, than they received last year, because the Foreign Relations Committee has made the decision to reduce the number of countries from 14 to 10.

Mr. KENNEDY of New York. Does the Senator have some language contained in his amendment that would prevent this money from being taken from Vietnam?

Mr. ELLENDER. Language?

Mr. KENNEDY of New York. What is to prevent this money from being taken from Vietnam?

Mr. ELLENDER. It is left to the administration. That is the amount it asked for Vietnam. I am not touching it.

Mr. KENNEDY of New York. Is that secret or classified?

Mr. FULBRIGHT. Mr. President, if the Senator will yield, these are presentation figures seeking to justify the overall amount. The AID officials are not bound by any of these figures. They can shift these funds around, because there is nothing in this bill that gives any particular country a particular amount. The authorization is for an overall figure. The individual country figures are classified. One of the reasons they are classified is that no agreement has been made with the countries, and they do not want to make public information that would make any country believe it is entitled to a particular amount. That has always been true. These are only what we call presentation figures. They are not supposed to be made public, but every now and then they get out.

Mr. KENNEDY of New York. Could I clarify the figures in connection with the amendment of the Senator from Louisiana? Korea, Thailand, Laos, the Dominican Republic, and Jordan receive about 30 percent. Vietnam receives approximately 70 percent. The additional countries in Latin America, for example, receive a total amount of only \$8 million as between all of them.

Mr. ELLENDER. No.

Mr. KENNEDY of New York. They receive more than that?

Mr. ELLENDER. Last year they received—I cannot say.

Mr. FULBRIGHT. Last year's figures are not classified.

Mr. ELLENDER. The total that was made available to Latin American countries was \$45 million-plus. In addition to that, one of the countries, the one to which we sent soldiers, got quite a bit from the contingency fund. As the Senator knows, we have a stable government there and we expect to withdraw and let them be more or less on their own.

We are trying to lend them money rather than make grants to them. That is what the supporting assistance funds are. They are part of the grant program. We have been trying to get away from that.

Mr. KENNEDY of New York. How does the Senator assure me and assure the rest of the Senate that the cut is not going to affect the money designated for Vietnam?

Mr. ELLENDER. It will be left to the Administrator. As the distinguished chairman of the Foreign Relations Committee stated, it is up to the Administrator to make the decision. I am saying now on the floor of the Senate that there is no intention, through the adoption of the amendment, of curtailing in any manner the amount stipulated to be used to assist South Vietnam.

Mr. KENNEDY of New York. What about Korea?

Mr. ELLENDER. And the amount that I have just mentioned has been given to us as the amount that would be made available in South Vietnam.

Mr. KENNEDY of New York. What about Korea, for instance. There will be a large amount taken away from Korea, will there not?

Mr. ELLENDER. No, not very large.

Mr. KENNEDY of New York. What about Thailand?

Mr. ELLENDER. There is probably no reason we should continue the aid to Korea. Has the Senator been to Korea lately?

Mr. KENNEDY of New York. Yes, I have.

Mr. ELLENDER. He found that country prosperous, did he not?

Mr. KENNEDY of New York. I felt they had a great number of economic problems.

Mr. ELLENDER. Similar to those we have in our own country, I presume.

Mr. KENNEDY of New York. A little bit more acute, I thought.

Mr. ELLENDER. Well, I do not think so. I have been there, too. If the Senator had been there in 1946, and compared the situation then with the situation now, he would have seen great progress.

The Koreans are borrowing a lot of money from us, and we wish to continue having them do that, instead of our making direct grants.

Mr. KENNEDY of New York. This money, for the most part, will therefore be taken from Korea, Thailand, Laos, the Dominican Republic, and Jordan?

Mr. ELLENDER. No, no.

Mr. KENNEDY of New York. Not Laos?

Mr. ELLENDER. No.

Mr. KENNEDY of New York. Where will it be taken from?

Mr. ELLENDER. Well, it will be left to the Administrator.

Mr. KENNEDY of New York. I understand that, but—

Mr. ELLENDER. In other words, the amount provided for is \$658 million, and of that amount—

Mr. KENNEDY of New York. The \$550 million goes to Vietnam.

Mr. ELLENDER. We cut only \$42 million.

Mr. KENNEDY of New York. The Senator says none of the \$550 million to Vietnam is supposed to be cut; how much will that leave?

Mr. ELLENDER. Just \$108 million.

Mr. KENNEDY of New York. So \$45 million is being cut out of the \$108 million?

Mr. ELLENDER. No; \$42 million out of \$150 million.

Mr. KENNEDY of New York. That would be cutting it about 28 percent.

Mr. ELLENDER. We are cutting out four countries. I do not know which countries will be cut out; it is left to the Administrator to make that decision. The bill does not provide which countries are to be cut out.

But the Foreign Relations Committee did say that instead of furnishing direct aid and grants to 14 countries, we will furnish this type of aid to only 10 countries in fiscal year 1967.

Mr. KENNEDY of New York. May I ask the Senator how much of the money spent under this program is spent here in the United States?

Mr. ELLENDER. I do not know. I cannot tell. But I have seen some figures which indicate as much as 75 to 80 percent, in military hardware and commodities such as wheat and feed grains.

Mr. KENNEDY of New York. So when we talk about the fact that we propose to cut \$42 million, as the Senator's amendment suggests, we are pointing out also the fact that \$34 million or \$35 million of that amount would be spent here in the United States?

Mr. ELLENDER. No, I am not saying that. I cannot tell. I am simply reading to the Senator a statement from estimates that have been made by the Administrator of foreign aid.

But I wish to reiterate to my good friend that, let us say, the Dominican Republic would be reduced considerably from what it received last year; and I understood that the administration was going to make a cut, at any rate, to reduce the number of countries. But the Committee on Foreign Relations, as I said, has seen fit to reduce the number from 14 to 10, and I am sure that every one of the 10 remaining countries will receive almost as much as they did last year.

Mr. KENNEDY of New York. May I get something clarified? Perhaps the chairman of the committee could help on this. I received information from the Agency that other than the five countries that I named, all the other countries together receive only \$8 million. Is that statement incorrect?

Mr. FULBRIGHT. It is very little.

Mr. KENNEDY of New York. If four of the countries in that category were cut out, we would be cutting out only \$2 or \$3 million altogether.

Mr. FULBRIGHT. They said it was very little.

Mr. ELLENDER. Will the Senator name the countries he has in mind?

Mr. KENNEDY of New York. Korea, Thailand, Laos, the Dominican Republic, and Jordan were the countries I mentioned. If Vietnam receives about 70 percent, and these five countries receive almost 30 percent, all the other countries together receive only \$8 million to \$10 million.

Mr. ELLENDER. Well, the Latin-American countries last year received \$45 million.

Mr. FULBRIGHT. That includes the Dominican Republic.

Mr. ELLENDER. Surely.

Mr. KENNEDY of New York. But take the Dominican Republic out. I mentioned the Dominican Republic.

Mr. ELLENDER. The African countries receive a total of \$27 million. The

other countries in Latin America, aside from the Dominican Republic, receive about \$11 million.

But I wish to say, without going further than I can—

Mr. FULBRIGHT. We are making a calculation.

Mr. KENNEDY of New York. I have mentioned Korea, Thailand, Laos, the Dominican Republic, and Jordan.

Mr. FULBRIGHT. I am taking those outside of that. There are six.

Mr. KENNEDY of New York. Outside?

Mr. FULBRIGHT. For a total of \$15,750,000.

Mr. KENNEDY of New York. Could the chairman of the committee also tell me, if we took out the four lowest of those countries, how much it would amount to, approximately?

Mr. FULBRIGHT. The four lowest? About \$6 million.

Mr. KENNEDY of New York. The point that I am making to the Senator from Louisiana is that first, we are talking about cutting \$42 million. Obviously, from those figures, even if we cut four countries out, we are going to get into Korea, Thailand, Laos, the Dominican Republic, and Jordan. Second, we are talking about a cut from those countries outside of Vietnam. The Senator speaks of suggesting a cut of about 28 percent.

Mr. ELLENDER. Of course, it depends on which countries they cut. I do not know which countries will be cut. But I do know a gradual decrease of direct aid to Korea is expected, as well as to Thailand—except that lately they have had to raise it a little bit. And of course the amount for Vietnam has been raised tremendously.

But as I said, the Foreign Relations Committee decided to cut the number of countries from 14 to 10; and they will still have, on the average, as much this year as they had last year.

Mr. KENNEDY of New York. Yes. What we wish to do, though, is to make sure it is understood that there are about eight countries which receive a total of \$15 million, a very small amount. So when we talk about cutting four countries, some of those countries receive very little, and we would still be cutting only \$6 million or \$8 million, or whatever the figure was, from the overall budget. The Senator's suggestion is a decrease of \$42 million from a total of about \$150 million, which is a 28-percent cut for all the countries involved. That is my point.

I appreciate the courtesy of the Senator.

Mr. ELLENDER. Yes. That would be done by the Administrator, out of the overall figure we make available to them.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McGOVERN. I am inclined to support the amendment of the Senator from Louisiana. I think it is a prudently drawn amendment, and it is based, as he says, on the committee's action in reducing the number of countries eligible for this type of aid.

But beyond that, I should like to ask the Senator from Louisiana to clarify my

own thinking on this point: Is it not true that supporting assistance is assistance made necessary because of military aid that we are giving to certain countries? Is that not the meaning of supporting assistance?

Mr. ELLENDER. That was the reason, but we have changed that somewhat.

Mr. McGOVERN. Is it still basically the reason?

Mr. ELLENDER. Basically is exactly correct.

Mr. McGOVERN. I merely wish to clarify my own position on that point. I have been opposing reductions in our economic and technical aid programs, as the Senator knows.

Mr. ELLENDER. Yes.

Mr. McGOVERN. But I am strongly opposed to military assistance. If the Senator's amendment will help reduce some of our military commitments abroad, I wish to support it.

Mr. ELLENDER. Yes.

Mr. McGOVERN. I think we do more damage to these underdeveloped countries by loading them up with military burdens and military budgets than we do good. So when the military assistance bill comes before the Senate. I intend to offer amendments and support others which I expect will be offered to reduce the amount provided in that bill. In fact, I wish we could end the so-called military assistance program. I do not think it assists anyone. I think it creates a threat to our own security, it adds an unnecessary burden to the economies of these poverty-stricken countries, and it is partly because of that extra burden that we find it necessary to introduce programs like this so-called supporting assistance aspect of the bill.

Mr. ELLENDER. The Senator is so right; and I wish to say that I have pointed to that in all of my reports.

As the Senator knows, we created, in this foreign aid program, a large number of missions which we sent abroad.

We have the JUSMAAG, which maintains local military people with ours, and we have other military missions as well.

I can well remember the time when I was in Pakistan. I do not recall the exact year. I got into quite an argument with the mission there. They were contending that Pakistan needed so many soldiers and so much equipment. I said, "How do you expect your people to raise the taxes to pay for this?" They said, "We are trying to get them to pay as much as we can, and we will do the rest." That is how we got hooked militarily into those countries.

I am in thorough agreement with the Senator from South Dakota that we have done too much in the military field. I was in South Vietnam and attended the inauguration of President Diem. I thought that it was a mistake for us to ever send any advisers there, because it meant the creation of a local army. As we know, this force grew in intensity from the time when President Eisenhower was in office through the administration of President Kennedy and down to the time when President Johnson took over. It then turned into a hot war.

We started the buildup in Vietnam, and we should have expected that the enemy would also build up their forces. Now that we are engaged there and have made so many promises, I have taken the position—and as the Senator knows, I have never criticized the President—that in my opinion we have gone so far that we cannot pull out now.

I have also taken the position that we should go all out or get out. I am still of that opinion. I know that does not agree with the opinion of some of the Senator on the floor here, but I believe we have gone entirely too far in providing military equipment and hardware for a good many countries.

If it were left to me, I would certainly limit it to a large degree. The Senator remembers when we dealt with Africa in, I think, 1963. I tried to limit the amount of military equipment to \$25 million for all countries in Africa, but the administration would not agree to that, unless it were provided that, if the President thought more aid was needed, the aid could be increased.

It was one of the loopholes that we always get involved in.

May I say to my friend, the Senator from South Dakota, that we never seem to learn. In all of our military expansions abroad, we always get the worst end of it.

Mr. McGOVERN. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. McGOVERN. Mr. President, the other day the senior Senator from Oregon and the senior Senator from New York offered a proposal to curtail economic and military aid to countries in which a military junta had come into power and taken over the government. Is it not true that a good many of those juntas have tooled up by means of military assistance sent to them by our country under our aid program?

Mr. ELLENDER. We have a classic example in Pakistan and India. We furnished both sides with assistance. They were fighting each other and the military hardware they were using was labeled "Made in America."

As I said, the situation is prevalent not only in Asia but also all over the world. We have had sad experiences in Iraq where we furnished millions of dollars in aid. That country turned against us and used the very military equipment we sent to them to fight our friends.

I fear that the same thing will occur some day in the Near East.

Mr. McGOVERN. I thank the Senator. I intend to support his amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. Mr. President, I have a very brief statement to make in support of the amendment offered by the Senator from Louisiana, of which I am a sponsor.

Much of what was said yesterday in support of the Dirksen amendment is equally applicable to the supporting assistance category of our program.

I have had a conversation with the Senator from South Dakota [Mr. McGOVERN], and I have not had an oppor-

tunity to talk with him again since that conversation.

Supporting assistance during most of its existence has been primarily American aid money to support the military establishment of a given country when from its own resources, it could not raise the money for the support of its military establishment.

For many years I have urged cutbacks in that expenditure of foreign aid and so has the Senator from Louisiana. It has led in many instances to countries building up military establishments, and particularly a military oligarchy. It has not been conducive to the development of other programs in the country that would help to meet the needs of the impoverished masses of the people.

It is still true that much of this money can and is will be used in some countries for his military support. But I want to make it clear to the Senator from South Dakota that in recent years there has been approval granted by the AID officials for the use of some supporting money for other uses, although most of it is used directly for military support.

This is a catch-all category, in that AID may permit the country to use our funds for some other purpose, making money available for support of their establishment.

It is still strongly characterized as providing aid money to the military establishment. I would not want to mislead the Senator from South Dakota, because I checked with the chairman and counsel of the committee.

After I talked to the Senator from South Dakota, I remembered that in our discussion in the committee this year there was some evidence that it was used for other purposes, too.

I also point out that I think the symbolism of this cut is very important, too, because it makes clear to the countries concerned that they ought to be directing their primary attention to meeting the needs of the people of their countries on the economic front, rather than building up, I submit, in too many instances, inflated military establishments.

Also, may I say that the so-called general loan funds are made available to these countries. In addition, if they have an emergency, the assistance that the record shows they have received from the President's contingency fund is still available to them. So I am supporting the proposed amendment because I believe that this is a place in which we can cut without doing any serious damage to the welfare of the people of those countries.

I desire the aid to go to the benefit of the people, not the governments. If I had my way, little would be made available simply to support a government budget or general imports. I am a project-to-project man. I believe that the aid should go to specific projects which would give assurance to the American taxpayers that the people would benefit from the expenditure of those dollars.

Furthermore, may I say that I would support a great many procedural reforms—and have supported a great many procedural reforms—that would

require, for example, that the money could not be spent unless assurance could be given that there would be a direct economic benefit to the people.

When we seek to institute various forms of domestic aid programs in this country—that is what a public works program is, in one sense—we must show a benefit-cost ratio relationship. AID does not have to; AID does not do it, either. A good many of the millions of dollars expended by AID in foreign countries have not been justified under the benefit theory that the Senator from Oregon is emphasizing.

A cut here would do no damage in the long run to a sound foreign policy, but would help to improve what is at the present time, in my judgment, a very bad foreign aid program.

Mr. McGOVERN. The Senator from Oregon has referred to this supporting assistance program as a kind of "catch-all." Is it under that authority that we send things like hair spray for the natives who have befriended our troops in Vietnam?

Mr. MORSE. No, I do not believe it would be fair to say that.

Mr. McGOVERN. I thank the Senator.

Mr. MORSE. Mr. President, I wish to say this about the cut in assistance to South Korea. There certainly is a need for a reduced supporting assistance for South Korea. Millions of dollars are being poured into South Korea in connection with our Military Establishment, in that we are paying the whole bill, for instance, for South Korea's participation in Vietnam. So it cannot be argued that South Korea is entitled to the money she would get under the bill by way of supporting assistance because of her need for the total amount of money that is being made available to her in connection with South Vietnam.

The amendment that the Senator from Louisiana has offered, and of which I am cosponsor, does not cover the expenditure of funds in connection with South Vietnam.

Our amendment proposes a \$42 million reduction, from the \$700 million of the committee bill to \$658 million, with the understanding that the funds presently contemplated for Vietnam shall not be reduced.

I believe I owe it to Senators to indicate that I shall do as I always have done when I have a plan for subsequent action in connection with a particular subject matter. If this amendment should fail, I shall offer a subsequent amendment of the same type, for a lesser amount. But this amount is reasonable and the amendment should pass in this form.

This means the cut would be applied elsewhere than in South Vietnam. The summary presentation document indicates that \$550 million is programmed for South Vietnam, and I propose to leave that sum alone.

The question is whether \$150 million in pure grant aid should be distributed to countries other than South Vietnam. This is a complete giveaway program. This is a complete grant of American taxpayer money, in the amount of \$150 million, to the countries concerned. I

believe the figure is much too high. It has come to be almost a romantic concept that the more dependent upon us a country is, the more generous and less demanding we should be in financing it. It is time we took the opposite tack—the more dependent upon us these countries are, the more insistent we should be that they not look forward to a permanent American subsidy.

Korea, Laos, Thailand, Jordan, the Dominican Republic, Bolivia, the Congo, Haiti, Trinidad-Tobago, Yemen, Guinea, and Rwanda are on the administration list for supporting assistance. The Foreign Relations Committee, in a wise and sound move, limited the number to 10. This means that some of these programs will have to be eliminated, and presumably they will be in what the presentation calls "small programs in several other countries."

To maintain this financial subsidy in such countries as Korea, Jordan, and Bolivia, as an indefinite dole, irrespective of the growing cost of the war, is creating a more dangerous situation for the United States than it is avoiding. One of the reasons for our military involvement in so many parts of the world is the attitude that we have fostered in so many countries that no matter what happens to them, and no matter what they do or do not do for themselves, Uncle Sam will take care of them.

There is no justification whatsoever for Bolivia to get a single dollar of grant aid for its budget from the United States. As was said of development loans yesterday, it is unreasonable to extend long-term loans for budget support. Grant aid is equally poor policy.

I yield to no Member of the Senate in the support I shall give for sound loans to Bolivia or to other countries that need loans, if the projects in which the money is to be invested are sound projects and if there is a requirement—and there ought to be a requirement—that a report be made as to the purpose of the expenditure.

That is one of the procedural reforms which the senior Senator from Oregon has urged for some years. I shall continue to urge it. The question is whether, if we fail in committee with respect to procedural reforms, we ought to bring the question of procedural reforms to the Senate. In this field we ought to find out what is happening to the funds. I am not so sure that a package of procedural reforms should not be brought to the floor of the Senate before the debate is closed on the foreign aid bill this year. I feel certain that the majority leader would not be too happy to consider such a package. I should have to admit—and I should like to have the attention, as I have it, of the chairman of the committee—that probably a more successful program in regard to procedural reforms would be, rather than to try to turn the Senate into a Committee of the Whole, to continue to do what we have done and been trying to do; that is, to get a complete reexamination of foreign aid at the committee level.

That is why the committee arrangement was adopted by the Senate last year. It was tragic that it had to be

dropped after 60 days of good-faith attempts to convince the House to include it in the foreign aid bill last year. Had it been included, many of the problems that are plaguing us in the debate this year would have been pretty well on the way to solution.

I certainly shall support such an amendment in the bill or shall offer an amendment that would provide for the creation of another blue-ribbon committee, whatever title it is felt should be attached to it, for the making of a 1-year or a 2-year survey of the need for procedural reforms, as well as substantive reforms, in foreign aid.

But I would want to have attached to such a proposal the proviso that it is to be understood that foreign aid would have to be completely revised, or that at least consideration should be given to a complete revision of foreign aid, on the basis of such a report, findings, and recommendations. To do that, it would be necessary again to try to do what we succeeded in doing in the Senate last year; that is, to fix a date certain for the end of foreign aid as it is now operating, and for the beginning of a new foreign aid program. At that time, the procedural reforms that would have been recommended to us would be placed in effect.

The danger of bringing to the floor of the Senate a package of procedural reforms, which we would have to do now if we follow such a course of action, is that we cannot buttress it with the findings of fact, the evidence, and the data that would be brought forward by such a report as the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Oregon, and an overwhelming majority of members of the committee supported last year, and which the Senate itself supported by the adoption of our amendment.

But I am going to continue to try to help to bring about these needed reforms in foreign aid so that we will not be hearing again that 10 to 20 percent is admitted to be wasted, which out of \$116 billion is a tremendous amount of money.

We have to have a foreign aid bill that will cover the bare necessities for now, but we still have an obligation before we start expanding it to bring about reform of the abuses which have been proved over and over again to exist.

In fact, on Monday I shall have on the top of my desk each of the Comptroller General's reports on foreign aid, as I did last year. I can read the titles. The titles will tell the story of the area in which reform should be brought about.

My good friend the Senator from Ohio [Mr. LAUSCHE], good naturedly says that he does not want me to do it today. That means that he has an engagement and I shall not inconvenience his schedule.

Returning to the statement I wish to make about the pending amendment, Mr. President, Senators who have been here for a number of years will recall that this category of aid is one that the Senate has sought to terminate altogether. We adopted a Mansfield amendment several years ago, that sought to phase out supporting assistance. It is a program

that should have been phased out before now.

The advent of the war in Vietnam has, unfortunately, become a device for increasing most forms of aid to the rest of the world. That clearly was an administration objective in its presentation. It asked for \$200 million in supporting assistance, with an open-ended, unspecified amount for Vietnam in addition to the \$200 million for use elsewhere.

That should be kept in mind. This administration this year asked for more than it asked for last year.

This is a substantial increase over the "non-Vietnam" supporting assistance provided last year. In fiscal year 1966, the regular aid and the supplemental aid bill of February combined provided \$541 million in supporting assistance for Vietnam and \$143 million elsewhere.

Although the Foreign Relations Committee reduced this sum and fixed the supporting assistance funds at \$700 million, the report makes clear that this is still an increase of \$15,800,000 above the total of supporting assistance voted last year.

I shall repeat that figure, Mr. President. The supporting assistance program in the committee bill this year is \$15.8 billion above the total of supporting assistance voted last year.

I shall quote from the committee report:

The committee recommends approval of a one-year authorization of \$700 million for the entire program, the report states on page 17. This represents an increase of \$15,800,000 above the authorization and appropriation for the 1966 fiscal year, including the supplemental approved by Congress earlier this session.

I find it difficult to understand why the world should be given to understand that no matter how high the cost of the war in Vietnam goes, the American taxpayer has a bottomless pocket out of which to keep the world in the style to which it has become accustomed. I cannot understand why the Yemen, Jordan, Guinea, Korea, Ruwanda, Haiti, the Congo, yes, the Dominican Republic, too, and Trinidad-Tobago, should expect to receive the same rate of supporting assistance, or close to it, as they received when there was little war cost in Vietnam. Those programs should be closed out entirely, if the funds are needed for Vietnam, Thailand, and Laos, as I am sure the administration will argue they are.

The extent of help the United States is receiving in Vietnam is meager, indeed, relative to the cost of that war. We say we are fighting there to preserve freedom for everyone. "Everyone" apparently does not see it that way, for their participation in the war, either financially or physically, is still largely token.

Modest reductions in their financial aid from the United States is a contribution that all recipients could make toward the cost of the war. They should make it. Certainly they cannot expect business as usual at the foreign aid window when the cost of the war in Vietnam is being estimated at a higher rate almost daily.

The Congress should make clear that we do not intend to let the war in Vietnam interfere with our purpose of phasing out supporting assistance elsewhere in the world.

I wish to make this final comment. Here is a place where savings can be made in the foreign aid program, certainly without doing damage to the legitimate objectives of the foreign aid program, and also help to save money for the American taxpayer which, in my judgment, needs to be spent in regard to our domestic aid program here in our country. There is a growing, and a justifiably growing, demand on the part of the American people that we must spend more than the President's budget proposes to spend to meet some of the domestic crises that exist in our country in connection with a reduction in the plans for a Great Society program.

We owe it to the American taxpayer to make this savings of \$42 million in a part of a foreign aid program—and for several years, there has been general agreement in our committee—that should be phased out entirely.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KUCHEL (after having voted in the negative). On this vote I have a pair with the distinguished junior Senator from Texas [Mr. TOWER]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Arizona [Mr. HAYDEN], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from Alabama would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Oregon would vote "yea."

Mr. KUCHEL. I announce that the

Senators from Colorado [Mr. ALLOTT and Mr. DOMINICK], the Senator from Michigan [Mr. GRIFFIN], the Senator from Kansas [Mr. PEARSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Colorado [Mr. DOMINICK] would vote "yea."

The pair of the Senator from Texas [Mr. TOWER] has been previously announced.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Michigan [Mr. GRIFFIN]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 51, nays 31, as follows:

[No. 149 Leg.]

YEAS—51

Bartlett	Gore	Nelson
Bennett	Gruening	Pell
Bible	Hartke	Prouty
Boggs	Hill	Proxmire
Burdick	Hruska	Randolph
Byrd, Va.	Jordan, N.C.	Robertson
Byrd, W. Va.	Jordan, Idaho	Russell, S.C.
Church	Long, La.	Russell, Ga.
Cooper	McGovern	Simpson
Cotton	McIntyre	Stennis
Curtis	Metcalfe	Symington
Dirksen	Miller	Talmadge
Ellender	Montoya	Thurmond
Ervin	Morse	Williams, Del.
Fannin	Morton	Yarborough
Fong	Mundt	Young, N. Dak.
Fulbright	Murphy	Young, Ohio

NAYS—31

Aiken	Holland	Monroney
Anderson	Inouye	Moss
Bayh	Jackson	Muskie
Brewster	Javits	Pastore
Carlson	Kennedy, N.Y.	Ribicoff
Case	Lausche	Saltonstall
Clark	Long, Mo.	Smith
Douglas	Mansfield	Tydings
Harris	McCarthy	Williams, N.J.
Hart	McGee	
Hickenlooper	Mondale	

NOT VOTING—18

Allott	Griffin	Neuberger
Bass	Hayden	Pearson
Cannon	Kennedy, Mass.	Scott
Dodd	Kuchel	Smathers
Dominick	Magnuson	Sparkman
Eastland	McClellan	Tower

So Mr. ELLENDER's amendment (No. 695) was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. FULBRIGHT and Mr. MORSE moved to lay the motion on the table.

The motion to lay on the table was agreed to.

"TO WHOM MUCH IS GIVEN," ARTICLE BY EDWARD F. SNYDER

Mr. CLARK. Mr. President, Edward F. Snyder is executive secretary of the Friends Committee on National Legislation. He is also serving as chairman of the Board of the International Development Conference, a group of nongovernmental agencies concerned with American foreign aid programs.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article written by him, entitled "To Whom Much Is Given," which was reprinted from the Earlham Review, spring 1966. The views expressed by Mr. Snyder in this article closely coincide with my own, that the foreign aid bill is far too inadequate.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Earlham Review, spring 1966]

TO WHOM MUCH IS GIVEN

(NOTE.—Edward F. Snyder is Executive Secretary of the Friends Committee on National Legislation, the "Quaker Lobby" in Washington. He is also serving currently as Chairman of the Board of the International Development Conference, a group of non-governmental agencies concerned with American foreign aid programs.)

(By Edward F. Snyder)

George Orwell made his novel 1984 a symbol of horror by extending some of the social, political trends already visible in 1949. He thus confirmed the judgment of most newspaper city editors that readers are more interested in bad news than good news.

Unfortunately, no one has yet made a best seller by projecting into the future some of the constructive forces and trends at work in our society. But it might be instructive to envision how a newspaper of August 16, 1976 might report Senate passage of the foreign aid bill if some of the thinking evident in the field of world economic development is permitted to bear fruit. The dispatch might read as follows:

"SENATE PASSES ECONOMIC DEVELOPMENT BILL
70-28 ENLARGED PROGRAM WINS BIPARTISAN SUPPORT

"WASHINGTON, Aug. 15.—The Senate tonight passed and sent to the President with only minor cuts the \$13.8 billion economic development bill he requested last March. The \$2.3 billion increase over last year's bill reflects final Congressional acceptance of the benchmark of 1.5 per cent of the gross national product which the industrialized countries are committed to devoting to aid the developing world.

"The back of the opposition to the new bill was broken during Senate hearings when Budget Director Frank Dollar promised reluctant Senators that savings accruing under the first stage of the East-West Geneva Disarmament Treaty will provide more than enough money for new aid funds in addition to the 'new cities' program and a 3 per cent tax reduction.

"President Farsight issued a statement commending the Democratic and Republican floor leaders for their handling of the bill. He challenged the Soviet Union as a 'member of the privileged circle' to match the U.S. contribution.

"The Senate vote on final passage of 70-28 and the House vote of 295-104 indicated that the President's 'fireside chats' and the work of Congressional speaking teams across the country have been remarkably effective in building support for the massive international economic development program. The efforts of public organizations, the churches, business groups, unions, cooperatives and women's groups also played an important role in mobilizing public opinion behind the President.

"The major fight occurred, as was expected, on the percentage of U.S. funds to be channeled through international organizations as against AID's bilateral programs. The final '50-50' compromise was reached after Senator I. C. Worldview's motion to increase the percentage through international channels to 60 per cent was defeated 48-45. Sen. Worldview vowed a renewed fight next year. Senator Anna List noted that in reality the

issue has 'less and less meaning every year' because AID funds are now spent to a very great degree in accordance with the criteria laid down by the UN Development Programme for projects on the UN's 'Priority A' and 'Priority B' lists.

"The real issue, said Sen. List, is which international agencies should receive the funds. Conservatives generally favor international channels where the U.S. has a strong voice in voting, such as the IBRD, IADB, IDA and the Asian Development Bank. Liberals have generally urged that the U.S. should 'rely on the world's conscience' and channel more funds through the UN Capital Development Fund where the less developed nations have a predominant voice. This year the U.S. contribution to UNCDF was increased by \$400 million for a total U.S. contribution to UNCDF to \$2.8 billion.

"While some criticism was directed at Economic Aid Czar N. O. Overlap, Sen. M. N. Chairman said the plan to coordinate all food, money, Peace Corps, Farmer Corps and other programs under Mr. Overlap had worked relatively well during the first eight months of operation and it was still too early to draw any meaningful conclusions. Mr. Overlap was at the Capitol when the Senate action came and issued a statement saying he was 'most gratified.' He reiterated his theme of recent weeks that 'the peace will not be secure until the gap between the developing and the developed countries is closed.' He added that 'the only way to cut the aid program materially is to modify U.S. trade laws to permit developing countries to enter the U.S. market more fully.' The issue of 'trade vs. aid' is expected to receive major consideration when the Trade Expansion Act comes up for renewal next year.

"The bill as passed by Congress is 'pure' economic assistance, Sen. Chairman said. He noted that the last of the bilateral foreign military assistance programs was phased out early this year. Military assistance to regional and international organizations is on a declining basis and is handled by the blue ribbon Joint Senate-House Committee on the Geneva Disarmament Treaty."

Fanciful? No doubt. Yet thinking and planning at the UN, in our universities, within the government, and among private citizens has already laid the groundwork for these and further developments.

A realistic assessment of today's situation, however, shows how far we are from the kind of breakthrough which would make such a dispatch possible. The U.S. is mired down in a nasty guerrilla war on the Asian mainland which prevents any real progress toward disarmament with the Soviet Union and makes impossible even tentative first steps toward a U.S. detente with China and peace in the Far East. Our foreign policy is set by the negative goals of anti-communism rather than by the vision of a positive and constructive mission in a developing and increasingly interdependent world.

In this context of tension between optimism and near despair it seems relevant to examine six basic questions for which satisfactory answers must be found before a truly comprehensive and effective aid program can be developed, indicating a few of the salient facts and suggesting some tentative answers.

1. WHAT BASIC MOTIVATION FOR U.S. ASSISTANCE?

Today's foreign aid program is based on a conglomeration of motives that are as confused as any that ever supported a major U.S. foreign policy thrust. At least six different elements can be discerned:

(a) *Faith in arms as a reliable means to "contain the march of world communism."* Military hardware is being sent to such countries as India and Pakistan, Greece and Turkey. In 1965, 18 Latin American countries received U.S. military assistance. Studies prepared for the Senate Foreign Relations Committee have criticized military

aid as aiding totalitarianism, slowing down economic development, increasing tensions among neighboring nations, and encouraging military supremacy over civilians in newly independent countries. While most policy makers support military aid, there is considerable Congressional skepticism, especially in the Senate, about its real worth. Last year's military assistance program was \$1.17 billion.

(b) *A more sophisticated anti-communism which pours dollars and other economic aid into key countries, especially those ringing China (Korea, South Vietnam, Laos, Thailand) as well as nine others in order to bolster their military and economic strength.* Congress in 1965 appropriated \$369 million for this program, called "supporting assistance."

(c) *Surplus disposal.* The Food for Peace program, a most constructive and worthwhile effort, is still basically a program to dispose of excess U.S. farm products. This year's program will cost \$1.6 billion. Whether Congress will support a farm program designed specifically to produce for the world's needs is not yet clear.

(d) *Bilateral programs* such as the Alliance for Progress, Development Loan Fund, and AID's technical assistance programs motivated by enlightened self interest. In recent years a "bankers' emphasis" had been discernible in these programs, evidenced by a continuing shift to loans rather than grants and a trend to higher interest rates on loans.

(e) *Enlightened internationalism.* A considerable number of loan programs are administered on an international basis. In 1965 U.S. contributions to the International Development Association, the Inter-American Development Bank and the International Monetary Fund amounted to \$1.6 billion. In addition, grants totalling \$145 million were made to the UN Technical Assistance program, the Special Fund, FAO, WHO, refugee relief, Indus Basin development and others.

(f) *Altruism.* Two programs seem to be supported primarily on this basis—UNICEF, which enjoys real popularity in Congress and has wide organizational backing for its \$12 million yearly appropriation, and the Peace Corps, which in 1965 received \$102 million.

Motivation is a subtle, pervasive and influential factor in the success or failure of assistance programs. The basis on which the aid program is presented by the President to Congress helps set the tone and framework for day-to-day administrative decisions; the grounds on which the program is justified on the floor of the House and Senate affects attitudes and policies in the recipient countries. Consequently, it is important that U.S. motives be clarified. A sound U.S. program, aimed at bringing the developing nations to economic strength as quickly as possible, can only be built on motives of enlightened self-interest, enlightened internationalism and altruism. While these motives are often referred to in Administration and Congressional speeches, the effect is vitiated by an overriding emphasis on anti-Communism and an uncritical and unjustified faith in military solutions.

The clearest, best understood basis, for most U.S. citizens, is the moral obligation of a rich nation to help the poorer nations. In his famous Rose Garden Speech of April 21, 1964, President Johnson eloquently stated this basis for U.S. aid:

"We are waging an all-out war against poverty here at home. . . . But we are also engaged in that same battle on 100 different fronts around the world, in 100 or more nations.

"We do this for two reasons: First, for the first time in history, man has the real power to overcome poverty. We have proved that by the wise application of modern technology, the determined labor of skilled men and women can ultimately produce enough food and clothing and shelter for all mankind. The possession of new abilities gives us new responsibilities and we want to live up to

those responsibilities. That is our Christian duty.

"Second, we now know that the progress which others make in satisfying their own desire for a better life will ultimately affect our own future and our own prospects, for we are now a part of a single world community. . . .

I have no doubt that the American people would respond affirmatively if the President made these our guiding principles and discarded sterile anti-communism as a chief motivating factor for U.S. aid. A positive program based on a desire to help others help themselves can make U.S. aid both more effective in recipient countries and more acceptable to the American public in the long run.

2. WHAT AMOUNT OF U.S. AID?

A benchmark of 1 per cent of the gross national product from the developed countries for long term financial aid was set by the United Nations in 1961, as part of the Decade of Development. But in mid-1965 the developed countries were committing only some .7 per cent. In 1965 the U.S. Congress appropriated about \$5 billion for all U.S. non-military aid programs. This is only about three-quarters of one per cent of the U.S. gross national product. This half-a-loaf U.S. aid effort is especially disappointing because it comes at a time when the developing countries have formulated more worthwhile investment projects than the industrial countries are willing to finance.

These contributions from the developed countries are intended to help the developing countries reach the goal of 5 per cent growth, per year, in their gross national product. Secretary General U Thant reported in July 1965 on the "UN Development Decade at Midpoint" that "The growth in developing countries as a whole slowed down from an average annual rate of 4.5 per cent in 1955-1960 to 4 per cent in 1960-1963." Population pressures, rapid urbanization and low agricultural productivity have all contributed to the failure to meet the 5 per cent goal.

The UN's goals of 1 per cent giving by the "haves" and 5 per cent growth by the "have nots" are absolutely minimal. Under the 5 per cent growth goal it is estimated it will take the developing countries 80 years to reach Western Europe's per capita income level and 120 years to reach the U.S. level. This is morally intolerable and politically dangerous. The developing nations are increasingly impatient, and rightly so, at the widening gap between their needs and U.S. affluence.

A U.S. contribution of 1.5 per cent of its GNP per year for economic assistance to the developing world is clearly feasible. At the current annual U.S. growth rate of more than 5 per cent (some \$40 billion a year) this amount could be taken out of the annual increase in U.S. wealth without any sacrifice in U.S. living standards. Even more could be spent if the developing countries were able to absorb it effectively. Put another way, the United States is spending more than 8 per cent of its GNP annually in a search for national security through arms. How much more constructive and realistic would be an expenditure of 1.5 per cent of the GNP to raise living standards around the world and to begin to create stability and hope where there is currently so much chaos and despair.

Much of the increase in U.S. aid should be in the form of outright grants instead of long or short term loans. Interest is now becoming a major charge on development programs. In 37 developing countries, according to the International Bank, public and governmental guaranteed debts rose from \$7 billion in 1955 to \$18 billion in 1962, interest payments nearly quadrupled, and amortization payments tripled. By 1963, the servicing of the external debt absorbed 13 per cent of the export receipts of those countries.

3. THROUGH WHICH CHANNELS?

U.S. economic aid is now predominantly bilateral—about 75 per cent. But key Senators like Chairman FULBRIGHT of the Senate Foreign Relations Committee are urging that more be channeled through multinational institutions. The argument is now in mid-stream. Last year the Senate approved language in the foreign aid bill saying that "Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis." The House refused to accept this language, though it did agree tentatively to increase the amount of U.S. bilateral funds which could be channeled through international institutions.

Bilateral aid has several advantages for U.S. policy makers from the short term point of view. It can be dispensed more quickly than other kinds of aid. It can be placed under complete U.S. control and tied to current political or military objectives. It can be ended or expanded in order to persuade or retaliate. All these mean that it has advantages as a cold war tool. But it also means that recipients may look upon U.S. aid with considerable skepticism or as an opportunity to spend money on uneconomic projects or to play off one cold war antagonist against the other.

Multilateral aid has many values if the basic objective is world economic development rather than anti-communism. International development organizations can often require economic, social or political reforms as a condition to aid, while such pressure is more difficult for the United States to apply in its bilateral programs. Contributions in dollars and technical experts come from many countries in international programs. Often technicians from a recently developed nation can be of more real assistance in an underdeveloped area than a highly skilled U.S. expert. The UN is now carrying on effective educational and technical programs through its Economic Commissions for Latin America, Africa, Asia and the Far East, and Europe. The use of international institutions strengthens internationalism, increases cooperation, and lessens the divisiveness and competition often accompanying rival bilateral programs.

Presently, U.S. assistance is channeled primarily through those multinational agencies where the United States has a strong voice in decision making—the World Bank, International Development Association, International Monetary Fund, and Inter-American Development Bank. Other international institutions are also open for business or in preparatory stages: the European Development Fund created by the Common Market countries, the African Development Fund, the African Development Bank created September 15, 1964, and the Asian Development Bank, to which the United States is ready to contribute up to \$200 million, 20 per cent of the initial capitalization.

The United States continues to support the UN Technical Assistance Program and Special Fund, which have been merged into the "UN Development Programme." The U.S. contribution is now at the level of 40 per cent, and there seems to be a temporary lull in Senatorial pressure to reduce the U.S. level to 33 per cent of the total program. On the basis of the 40 per cent limitation, U.S. contributions to EPTA/Special Fund have risen from \$33 million in 1960 to \$65 million in 1965, indicating the increasing contributions of other countries to these efforts.

Larger UN Role. While supporting the modest UN technical assistance programs, the United States and other developed countries have for years resisted creation of SUNFED, a large UN capital investment program. U.S. opposition is based on the fact that it would be called upon to contribute a great deal of the money but have relatively little to say regarding its disposition. But

years of pressure for SUNFED have had some by-products. Such pressure helped create the UN Special Fund where pre-investment surveys are a halfway house between technical assistance and capital development. It also seems fair to say that such pressures for SUNFED helped bring into being the International Development Association.

The developing countries are continuing to press for a UN capital program, however. The 1962 General Assembly and the 1964 UN Trade and Development Conference called for a United Nations Capital Development Fund, though these recommendations have not been supported by the developed private enterprise countries.

In order to further strengthen the UN, as well as to create another channel for international aid especially open to Soviet bloc participation, it would seem particularly appropriate for the United States to reverse its stand and support the creation of the UN Capital Development Fund.

4. WHAT U.S. ROLE ON POPULATION AND FOOD?

Better medicines, food and education have caused rising life expectancies and lowered death rates in poorer countries around the world. Coupled with continued high birth-rates, these have meant a startling population growth. From 1960 to 1980 the world's population is expected to increase 43 per cent—22 per cent in the more developed areas, 53 per cent in the less developed areas. In Latin America the increase will be 76 per cent in this 20 year period. In 35 years, at the end of the century, world population, according to UN figures, will have doubled to some 6 billion.

While food production in the developing countries has risen impressively in the last 10 years, the increases were virtually wiped out by population growth. Figures by the Food and Agriculture Organization show that food production *per person* in the developing countries rose only 1 per cent during the last decade. To provide an adequate diet for people in the developing countries, food supplies must be increased four-fold in the next 35 years, according to Dr. B. R. Sen, FAO Director General. "We know that the technical means by which this immense task might be accomplished are available. But it cannot be accomplished . . . unless the leaders of the nations are alive to the issue at stake, and are prepared to devote a large share of the world's resources to meet the looming crisis."

The United States can provide some assistance on the *population* issue through continuing research and providing advice and supplies on request. President Johnson has indicated that the United States is prepared to move rapidly to supply such help. But the major job must be done within each developing country through an intensive education program at the village level, often working against tradition, religious practices, taboos and ignorance.

In the area of *food production*, the United States is facing some major policy decisions. There is a worsening world food shortage. Reserves of U.S. agricultural surpluses are falling. More than 50 million U.S. acres have been taken out of production. In a world threatened by famine the United States must reorient its basic agricultural policy, step up its own agricultural production, and begin a crash program to help the less developed countries increase their food production rapidly.

The "Food for Freedom" program recently submitted to Congress by President Johnson is an enlightened and far reaching approach. It would nearly double the amount of "food for freedom" products moving to other countries over the next five years. It would also stimulate world food output through AID assistance and otherwise. The new program would abandon the "surplus" concept by bringing land back into production, permitting donations of foods not in surplus and enriching some foods distributed abroad.

Food is a healing, life giving resource. U.S. abundance could be used as a reconciling bridge to the food deficit Communist areas. But in the past restrictions in the law have tended to make it a cold war tool. The President's proposal moved away from this concept, but Congress is insisting on reinserting some of the anti-Communist provisions.

5. WHAT ROLE FOR U.S. AID IN A REVOLUTIONARY WORLD?

Institutions, traditions, personalities and ideologies vary tremendously in the developing world. Perhaps one of the few generalizations which can be made is that the "have not" nations are in turmoil and are likely to remain so for a generation or more. Into the ferment created by the "revolution of rising expectations" have come the great powers seeking influence and support, often using hapless peoples as pawns in the struggle between the "free world" and the Communist world.

In this ideological battle the United States has the advantage of greater financial and technical resources to share with the developing world, but it also has the mixed blessing of working largely through existing governments. While this may give it a temporary advantage, the forces with which the United States may thus find itself allied make for uncertain companions over the long run. These forces are likely to include the military establishment, often the most stable institution in the nation, and the political and economic elite, who may be quite reluctant to share their advantages with those less privileged. U.S. officials may thus find themselves in the frustrating position of seeing the absolute necessity for such fundamental changes as land reform or steeply progressive taxation, but being unable to persuade the nation's leaders to adopt the program which would accomplish the desired result. Popular reform movements may be viewed with deep suspicion. If popular discontent grows, the government may impose repressive measures and move toward more military control. The reform movement shifts increasingly to the left and becomes identified as anti-American, the latent fears of U.S. officials and Congressmen are felt to be realized, and the stage is set for another tragedy in which the United States is identified with the forces of reaction against the interests of the mass of the people.

Senator FULBRIGHT, in his Senate speech of September 15, 1965 posed the question sharply regarding this hemisphere, pointing out that we cannot successfully advance the cause of popular democracy while at the same time aligning ourselves "with corrupt and reactionary oligarchies." The direction of the Alliance for Progress is toward social revolution in Latin America, he said, but U.S. intervention in the Dominican Republic shows a tendency to suppress revolutionary movements supported by or suspected of being influenced by Communists.

The Senator went on to say:

"Since just about every revolutionary movement is likely to attract Communist support, at least in the beginning, the approach followed in the Dominican Republic, if consistently pursued, must inevitably make us the enemy of all revolutions and therefore the ally of all the unpopular and corrupt oligarchies of the hemisphere. . . .

"We must try to understand social revolution and the injustices that give it rise because they are the heart and core of the experience of the great majority of people now living in the world."

It is not at all clear yet whether the U.S. government and the American people are prepared to support the kind of policies which will be necessary to realize a peaceful but dynamic social and economic revolution in the developing world in the generation ahead.

A desirable foreign aid policy, it seems to me, lies in the direction of (a) identifying U.S. goals with those of the mass of the

people; (b) supporting and actively promoting fundamental reforms, where necessary, even though these may be inconsistent with U.S. free enterprise patterns; (c) taking risks on the side of supporting popular governments with democratic tendencies; (d) recognizing the inevitability of a certain level of anti-Americanism as natural and inescapable in newly developing countries; and (e) promoting U.S. goals increasingly through international institutions which can require necessary reforms and turn down unsound projects more easily than the United States can acting alone.

6. FINDING NEW ANSWERS

In his Senate speech, Senator FULBRIGHT said:

"It is not surprising that we Americans are not drawn toward the uncouth revolutionaries of the non-Communist left. We are not, as we like to claim in Fourth of July speeches, the most truly revolutionary nation on earth; we are, on the contrary, much closer to being the most unrevolutionary nation on earth. We are sober and satisfied and comfortable and rich; our institutions are stable and old and even venerable. . . ."

How can the average American in his affluent society feel a sense of identification with the world's needy? How indeed, when we find it difficult to identify even with those in our own nation, or in our own community, of different color or economic status?

Yet ways *must* be found, so that our circle of concern can include the whole world. Service with the Peace Corps, AID and international program can help. The emphasis in the American Friends Service Committee's VISA program on giving oneself in addition to material aids is certainly in the right direction. Increased travel and exchanges are necessary. Visual aids can help, too. The county to county and state to state relationships in AID's "Partners of the Alliance" program are also useful.

Much more must be done to develop a general national consensus in support of massive U.S. assistance. We need to understand better the process by which people identify and sympathize with those they do not see daily or even occasionally. Our social scientists and psychologists must help us devise ways to increase our understanding of and appreciation for people in the process of economic development.

And we need to develop better ways of harnessing and challenging the idealism and desire for service of American young people. Our affluent society can afford to support its youth in service projects abroad and at home for at least a two-year period. Instead of merely accepting those who are already motivated in this direction, real efforts should be made through our educational systems, religious institutions and society as a whole to inculcate the concept of service as an exciting part of every young person's life. Then the variety of existing governmental and non-governmental channels for such service can be expanded to accommodate those wishing to serve on a *voluntary* basis.

If American young people as a whole can be touched and involved in the gigantic task of service in the developing world, they can make a real contribution. When they return home their experiences will also help them to educate their parents and society at large to U.S. responsibilities in a needy world.

Little has been said here about the crucially important and extremely complex issue of international trade which the UN General Assembly has indicated it believes is actually the primary instrument for economic development. The very significant 1964 Conference on UN Trade and Development showed that 75 nations with diverse ideologies, economies and political systems could act together in international councils to try to overcome their common bondage of poverty. The 55-member Trade and Development Board will now carry on the work.

Nor has enough been said about the over-arching East-West struggle which permeates domestic attitudes and foreign policies to the detriment of sound economic and social development. This struggle is also preventing the effective functioning of the United Nations and cooperative East-West multilateral efforts. A major effort must be made to expand the detente with the Soviet Union and to begin the painful but essential process of rapprochement with the People's Republic of China. Then the log jam preventing real progress toward world disarmament can be broken. Reduced tensions would enable developing nations to concentrate on economic and social progress. Resources freed by cuts in military spending could provide badly needed capital.

The future of American foreign aid offers cause for both optimism and deep frustration. There is one overall impression which emerges from a survey of the many international, national, and non-governmental efforts now under way, and that is the impressive amount of skill, ingenuity, and human understanding which men and women of goodwill are already devoting to their fellowmen. The task of raising living standards around the world has already rallied the noble hearted from all lands. We are at the beginning of a period of challenge which will take us at least to the end of the century. There is much to be done, and it can be done if the world's leaders can avoid a major war, cool off national, ideological, racial and economic antagonisms, and give the common people of all lands time to knit together the human family and build a world community.

ESTABLISHMENT OF AN INSTITUTE FOR REHABILITATION OF CHILDREN AND ADULTS IN INDIA

Mr. CARLSON. Mr. President, at the request of the Minister of Health of the Government of India, the late Dr. Martin F. Palmer, Director of the Institute of Logopedics in Wichita, visited India with a view of cooperating with the Indian Government in the establishment of an institute for the rehabilitation of children and adults with communication and allied disorders.

Several conferences have been held by our AID people with representatives of the Government of India. It is hoped that the recommendations of Dr. Palmer and the acceptance of the program as expressed by the Government of India might receive full cooperation and approval by our AID people.

I ask unanimous consent that a letter, dated July 15, 1966, signed by Charles W. Wurth and addressed to Mr. William Gaud, AID Administrator, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

July 15, 1966.

Mr. WILLIAM GAUD,
AID Administrator, Department of State,
Washington, D.C.

DEAR MR. GAUD: At the request of the Minister of Health of the Government of India, the late Dr. Martin F. Palmer, the Director of the Institute of Logopedics in Wichita, with Mrs. Palmer, visited India for the purpose of exploring the possibilities of starting in an appropriate place in India, an Institute for the rehabilitation of children and adults with communication and allied disorders. Dr. Palmer and Mrs. Palmer were given a warm welcome by the then Prime Minister of India and the Minister of Health, Dr. Sushila Nayar who deputed one of her officials to go around with Dr. Martin Palmer to the important centers in India. His Highness, the Maharaja of Mysore, who was

then the Governor of the State of Mysore, also recorded the necessary information. The Vice-Chancellor and the Chancellor of the University of Mysore had expressed their interest in linking up with the University of Wichita. In the proposed plan, after Dr. Palmer visited the different parts of India, he made certain recommendations in a report to the Government of India.

The following are the summarized observations/recommendations of Dr. Palmer as recommended to USAID by the Ministry of Health in seeking support for this urgent project:

A. There exists a tremendous need for qualified Logopedists in Hospitals, institutions, and schools of India.

B. Neglect of this large segment of the population is economically as well as sociologically a tremendous burden to the State.

C. Qualified persons exist in such small numbers in India that they constitute a virtual zero on which to start building.

D. The need is for a professional education and research Institute of Logopedics where intelligent students may be trained to three levels (1) Technicians, (2) Fully qualified clinicians, and (3) Research investigators.

E. In order to staff this with Indian nationals as soon as possible, selected students should be sent at once to the States for training.

F. In the meantime, a staff of American experts will be sent to the new Institute for the first three through possible five years to get this project on its foot. Here Indian nationals will receive training also as rapidly as possible.

G. After studying possible locations, and administrative problems from every point of view, Mysore City and the University of Mysore is by far the best. This should be a project of the State of Mysore.

H. It is probable the project as estimated by Dr. Palmer is as under:

(a) Institute of Logopedics:	
1st year-----	\$5, 95, 225
2d year-----	8, 47, 400
3d year-----	12, 47, 549
Grant to Mysore University:	
1st year-----	1, 04, 610
2d year-----	75, 783
3d year-----	1, 27, 132
1st year total-----	6, 99, 835
2d year total-----	9, 23, 183
3d year total-----	13, 74, 681

Cost of building—Rs.10 lakhs.

(b) The assistance anticipated will include:

(i) Free gift of 20 acres of land by His Highness of the Maharaja of Mysore.

(ii) Use of two buildings which could be used temporarily during the construction of the permanent Institute.

(iii) The Institute of Logopedics and Department of Logopedics, Wichita to meet the salaries of foreign consultants to India amounting to Rs.2,19,462 for three years.

(iv) Expenditure at Wichita for planning—Rs.50,000.

(v) Cost of fellowships for Indian Nationals at Wichita—Rs.4,09,536 for three years.

In addition to the above, the Government of India wishes to seek assistance for the travel within India of the American specialists, travel of Indian nationals in the United States, and required specialised equipment in the following amounts:

1st year-----	Rs.1,85,085
2d year-----	Rs.1,57,640
3d year-----	Rs.1, 61,981

The Government of India may have to provide funds as follows: Non-recurring: Rs.5 lakhs (likely to be about 10 lakhs); Recurring: first year, Rs.5,14,750; second year, Rs.7,65,543; third year, Rs.12,12,800.

The above estimates are in terms of 12 months period. Since the project would only be in effect for approximately three months of the fiscal year 1964-65 April, 1, it is anticipated that only architectural and planning expenditure would be involved, and thus a grant of Rs.1,00,000 will probably suffice. For fiscal year FY. 1965-66, it is estimated that approximately Rs.7,00,000 will be required. The expenditures during subsequent years are estimated as follows: 1966-67, Rs.12 lakhs approximately. 1967-68, Rs.12 lakhs approximately.

The recommendations of Dr. Palmer and the acceptance of the program as expressed by the Government of India through its Minister of Health in New Delhi is very well summarized in the request made by the Minister of Health to the Director of the USAID Mission in New Delhi, seen above. The complete copy of recommendations for ready reference are attached.

Since the date of this letter, much work has been accomplished in bringing the center into existence. The Government of India appointed two of its top people, Dr. Dharmaraj and Dr. Rathna to Head this program and these men are currently working in this behalf in Mysore. The Institute of Logopedics in Wichita has recruited a team of experts that are now ready to go to India if certain minimal financial assistance can be made available as outlined in the request of the Minister of Health. I am also attaching a most exciting recent letter regarding the progress by the Indian government and wish to point out that the corner stone for the clinical building will be laid by the President of India, Dr. Radhakrishnan, and that the center will be dedicated on October 2, 1966, the birth date of Mahatma Gandhi, the Father of India.

This letter, spelling out the building of the clinic and the beginning of the clinical program again mentions the need for external financial assistance, in order to get this program in complete operation. The Institute of Logopedics wishes to again request the review of USAID of this program and asks that immediate attention be given to the approval of the necessary funds to get this most worthwhile project underway. Everything is in readiness. The approval of the request and the interest of the Government of India is well known and clearly stated. The Institute of Logopedics—Wichita State University stands ready to supply the necessary professional and research personnel to assure its success. This project, although small by some standards, will be of major importance to the professional community in India and will serve many of its people, now handicapped, by these disorders.

Time is always of essence, but in this project that has had a history of delays, time is now of paramount importance. If we can get the sufficient financial approvals from you, we propose to send our team to India late in August in time for October 2 dedication date.

I shall look forward to hearing from you on this project.

Most sincerely,

CHARLES W. WURTH,
Executive Director.

Enc. July 6, 1966 letter from Dr. J. J. Dharmaraj, December 29, 1964 letter from Ministry of Health of India.

Cc: Senator FRANK CARLSON, Dr. Moseman.

THE ASIAN DOCTRINE

Mr. FULBRIGHT. Mr. President, during the past week, on various occasions I have made references to certain statements that I think represent the emergence of a new policy on Asia. I wish to take a few minutes of the time

of the Senate to bring these remarks together in one place.

Except for the Monroe Doctrine, the United States has traditionally rejected policies of unilateral responsibility for entire regions and continents. In the 19th century the United States played almost no part in European politics and only a marginal role in Asia, preferring to regard itself as an example of progress and democracy which others might imitate or not as they saw fit. For example, in the opium wars with China, we stood aside and let the British carry the load of the fighting, while we did business with the Chinese. In the 20th century events beyond our control brought us into two world wars and imposed upon us responsibilities far beyond our borders. Until quite recently, however, our policies for meeting those commitments have been guided by two extremely important qualifying principles: First, that these responsibilities were limited to certain countries and certain purposes; second, that they would be discharged collectively either under the United Nations or in cooperation with our allies.

The emerging Asian doctrine about which so much is currently being said and written represents a radical departure in American foreign policy in that it is virtually unlimited in what it purports to accomplish and unilateral in its execution. Without reference to the United Nations and with only perfunctory reference to the nonfunctioning SEATO treaty, the United States on its own has undertaken to win a victory for its protégés in the Vietnamese civil war and thereupon to build a "great society" in Asia, whatever that might turn out to mean. I think it extremely important that the Senate, which used to be asked for its advice and consent on major foreign commitments, consider some of the sweeping implications of the Asian doctrine before it becomes an irrevocable national commitment undertaken without the consent or even the knowledge of the Senate.

American policy in Europe after World War II consisted of collective measures for the containment of Soviet power. Though financed by the United States, the Marshall plan was shaped and largely executed as a cooperative program for European economic recovery. Although American military power was preeminent, NATO was created as and remained a system for the collective defense of Europe and the North Atlantic. We did not talk in those days of a New Deal or a Fair Deal for Europe; we were satisfied to support economic reconstruction and to restrain Soviet power.

The Korean war was fought under the auspices of the United Nations for an ultimately limited purpose. The United States provided most of the forces from outside, but a great many others, members of the United Nations sent troops and the United Nations itself took part in the direction of the war. After the abandonment of the disastrous attempt to occupy North Korea, which brought hundreds of thousands of Chinese soldiers into the conflict, the war was fought for the limited purpose of repel-

ling a clear act of aggression which had been incited by Stalinist Russia.

In Vietnam we are fighting virtually alone and for undefined purposes in a war which is not an international conflict but an insurrection in one part of a divided country supported by the other part. Aside from the token forces provided by Australia and New Zealand for their own political purposes, the only other outside force in Vietnam besides the American army of 300,000 is a Korean force of 25,000 heavily subsidized by the United States.

Except for peace proposals offered by the Secretary General, the United Nations plays no part in the war and is generally ignored by the belligerents; many members of the United Nations are extremely critical of the American involvement in Vietnam and it is most unlikely that if a vote were taken, the United States could muster a majority in the General Assembly in support of its policy.

As for the SEATO treaty, ignored until a few months ago but recently hauled out as the source of an American military obligation to Vietnam, four of its seven members do not support the American military effort and at least one, France, is extremely critical of American policy.

American war aims have escalated with the fighting. A few years ago a handful of American advisers were committed to support a South Vietnamese counterinsurgency effort with the clearly stated stipulation that it was up to the South Vietnamese themselves to win or lose their battle with the Vietcong. When they had virtually lost, the United States changed its policy and sent its own army to take over the war. Since early 1965 our military effort has expanded from counterinsurgency to a large-scale ground and air war and our political commitment has grown into an Asian doctrine.

Under the emerging Asian doctrine the United States is taking on the role of policeman and provider for all of non-Communist Asia. Defining Asia as "the crucial arena of man's striving for independence and order," the President, without reference to the United Nations or the obligations of other countries, recently declared "the determination of the United States to meet our obligations in Asia as a Pacific power," denounced those—whoever they may be—who hold to the view that east is east and west is west and never the twain shall meet, and laid down certain essentials for peace in Asia, all requiring a predominantly American effort for the shaping of a "Pacific era."

In a television interview last April 19, the Vice President defined the Honolulu declaration resulting from the President's meeting with General Ky as a Johnson doctrine for Asia, "a pledge to ourselves and to posterity to defeat aggression, to defeat social misery, to build viable, free political institutions, and to achieve peace." Acknowledging these to be "great commitments," the Vice President went on to say:

I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home.

All this must come as a big surprise to Senators who have not even been informed of these sweeping commitments, much less asked for their advice and consent, but the President's close friend and biographer tells us that the Asian doctrine has been in the President's mind for 5 years, and Mr. White should know.

It is ironic that at the same time that the vestiges of the Monroe Doctrine are being fitfully liquidated, the United States should be formulating a similar doctrine of preeminent American responsibility for Asia. One wonders whether the Asian doctrine will reap for the United States as rich a harvest of affection and democracy as has the Monroe Doctrine. One wonders whether China will accept American hegemony as gracefully as Cuba and the Dominican Republic have accepted it. And one wonders whether anyone ever thought of asking the Asians if they really want to join the Great Society.

Mr. President, those are some of the reasons why I have such grave reservations about expanding our commitments through programs authorized by this bill.

Mr. MANSFIELD. Mr. President, I have listened to the distinguished chairman of the Foreign Relations Committee with great interest. This is the first I have ever known that the President had inaugurated, either through himself or his subordinates, associates, or colleagues, a Johnson doctrine or an Asian doctrine.

I do know that the President is interested in the economic development of certain parts of Asia, and has shown his good faith in helping to bring about the creation of the Asian Bank, the members of which are mostly Asian, and the Asian members of which have contributed most of the capital.

I know that he is interested in developing the Mekong, so that the countries extending from Burma and Laos down through Vietnam have some hope for the future.

I am somewhat surprised at the allegation made by a columnist to the effect that an "Asian doctrine" has been in the mind of the President for the past 5 years. I would assume that this columnist is referring to the fact that in 1961, the late beloved President Kennedy sent his Vice President, Lyndon B. Johnson, to Asia for the purpose of finding out what the situation was there.

If I recall correctly, at that time the President of the United States, who was then the Vice President, came back and reported that much could be done in the way of economic development for the southeast Asian area; and I believe at that time he advanced the idea of cooperation in the Mekong River development.

That has now been put into effect in a limited sense, and it does offer hope to the people of that area.

Frankly, Mr. President, I never have looked upon the United States as an Asian power. I do not look upon it as an Asian power now. I do look upon it as a Pacific power. I think we have interests in Asia, and I do think that those interests are legitimate and should be given every consideration.

I would point out that as far as our major commitments in Asia are con-

cerned, they are unfortunately primarily military. Those commitments are the basis of mutual security agreements and treaties and the like, and they extend all the way from Iran on the west around through the southeast Asian area, up into the confines of Korea.

I do not think the President at any time has ever considered the possibility of a Monroe Doctrine for Asia. I think it would be inadvisable. I do not feel he has given it any consideration.

But I do think that he has emphasized that we are, not an Asian power, but a Pacific power; and I, of course, am in wholehearted agreement with him in that respect, just as we are an Atlantic power in relation to our position vis-a-vis the European Continent.

As far as the statements made by the Vice President are concerned, which are quoted from a speech—and I just saw this speech before the distinguished Senator spoke—I do not think that he has made pledges which are concrete and which can be set down and examined. It appears to me that he made a general statement relative to defeating social misery, building viable, free political institutions, and achieving peace.

Those are generalizations which we would all be in accord with, but we are—at least I am of the opinion that this is the primary responsibility of the nations themselves, and what assistance we give should be on the periphery, should be on the margin, so to speak.

These "great commitments" have never been brought before the Senate, to my knowledge, and I am certain that if anything on the scale envisaged in the quotations were to be undertaken, that it would be brought before the Senate for its advice and consent, or at least I would hope that would be the case.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. I wish to be a little more specific about some of my sources, to complete the RECORD, because I believe this is an extremely important matter. We have seen how commitments grow from statements by officials over the past decade or so; they become official policy, and we consider that we have a moral commitment.

Let me cite, for example, an official communique, which normally would have cleared by the officials of this Government, and by that I mean the Secretary of State; and certainly he is acting as a major agent of the President.

This communique is dated February 15, 1966. When it came to my attention, for the first time I had an uneasy feeling that we were drifting—through such pronouncements—into the adoption of a Monroe Doctrine for Asia.

I shall not read all of the communique, although I shall ask unanimous consent that the full text be printed in the RECORD. I do not want anyone to think I am reading out of context, and purely in the interests of time I will summarize it. All of it is not entirely pertinent.

This is the Vice President's communique of February 15 from Bangkok following talks between Vice President HUMPHREY and Prime Minister Thanom of Thailand.

He was there, I may say, as a representative of the President of the United States.

I read the significant part of the communique:

He emphasized the determination of the United States to provide all necessary assistance to enable Thailand and the other countries of Southeast Asia threatened by Communist aggression to defend themselves and to achieve in peace their just economic and social aims.

What are their just economic and social aims? I read further:

Recognizing Thailand's commitment to defend itself against Communist aggression both from within and from without, the Vice President reaffirmed the United States Pledge to assist in programs for the improvement of individual well-being and security in Thailand.

These are gradual expansions of what I conceive to be any commitment under SEATO or under any other pledge to Thailand.

Later on it said:

The Vice President recalled President Johnson's pledge in April 1965 of a one billion dollar American contribution to such a program following its organization by Asian leadership. In this context the Vice President noted the visit of Mr. Eugene Black for discussions with the Prime Minister, which have resulted in the necessary engineering or other survey actions for all the 13 projects proposed by the Prime Minister.

Mr. President, I ask unanimous consent to have this communique printed at this point in the RECORD.

There being no objection, the communique was ordered to be printed in the RECORD, as follows:

JOINT COMMUNIQUE ISSUED IN BANGKOK FEBRUARY 15 FOLLOWING TALKS BETWEEN VICE PRESIDENT HUMPHREY OF THE UNITED STATES AND PRIME MINISTER THANOM OF THAILAND

The Vice President of the United States and the Prime Minister of Thailand have concluded a most useful discussion and review of the common struggle against Communist aggression in Southeast Asia, including the results of the recently concluded conference in Hawaii.

The Vice President paid tribute to the strong and unhesitating stand which Thailand and her leaders have taken against the many forms of Communist aggression, the disguised as well as the blatant ones. He expressed the gratitude of his Government for Thailand's initiatives in seeking a larger regional framework for the peaceful achievement of social and economic progress. He emphasized the determination of the United States to provide all necessary assistance to enable Thailand and the other countries of Southeast Asia threatened by Communist aggression to defend themselves and to achieve in peace their just economic and social aims.

The Prime Minister concurred with the principle underlying the Declaration of Honolulu: that the war in Southeast Asia must be waged on two fronts simultaneously—the military front and the struggle to improve the social, economic, and physical well-being of the people.

Recognizing Thailand's commitment to defend itself against Communist aggression both from within and from without, the Vice President reaffirmed the United States pledge to assist in programs for the improvement of individual well-being and security in Thailand. Despite the progress already made in the development of rural areas, a need was clearly identified for greater efforts to provide more ample water supply, further ex-

pansion of rural credit for agriculture and related small industry, irrigation of farmlands, expansion of rural electrification, an expanded road system to connect outlying areas to markets, better medical care extended to presently isolated villages, and the provision of more schools to educate the populace and to insure that they will be better equipped to share in the progress of their country and contribute to its strength and stability.

It was agreed that the steps taken to improve the security in certain areas had proved their worth, but that further strengthening of security forces was an urgent necessity. Both governments would provide additional resources to achieve this end, so that villages would be freed from the threat of Communist terrorism and harassment. At the same time further assistance beyond on-going programs for the improvement and modernization of the Thai armed forces was a pressing requirement which would be met by the United States with the flexibility and promptness required by the current emergency.

Thailand's present contributions in regional affairs were jointly reviewed with specific reference to the constructive role Thailand has played in the Mekong Committee, its leadership in the recent regional educational conference, its strong support for the Asian Development Bank, and leadership in forming a highly competent regional council for exchange and coordination of development plans. The Prime Minister stressed the need for Asian initiative and innovation in achieving more rapid progress in economic development so as to improve the lives of the Asian peoples. This is one of the objectives underlying the renewed interest in the Association of Southeast Asia. The Vice President recalled President Johnson's pledge in April 1965 of a one billion dollar American contribution to such a program following its organization by Asian leadership. In this context the Vice President noted the visit of Mr. Eugene Black for discussions with the Prime Minister, which have resulted in the necessary engineering or other survey actions for all the 13 projects proposed by the Prime Minister.

It was agreed that organizations such as the Association of Southeast Asia could play a valuable role in fostering new cooperative institutions and stimulating the ideas that would make dramatic transformations possible.

Mr. FULBRIGHT. The Vice President was quoted again in an article by Mr. Philip Geyelin in the April 20 issue of the Wall Street Journal. Mr. Geyelin has, I believe, written a book concerning the President's foreign policy.

The headline is "A Johnson Doctrine: HUMPHREY Says Meaning of Honolulu Talk Is a Sweeping U.S. Commitment for Asia."

Mr. President, I ask unanimous consent to have this article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Apr. 20, 1966]

A JOHNSON DOCTRINE: HUMPHREY SAYS MEANING OF HONOLULU TALKS IS A SWEEPING U.S. COMMITMENT FOR ASIA

(By Philip Geyelin)

WASHINGTON.—Vice President HUMPHREY had stunning news for those in the U.S. Senate and elsewhere who have been bitterly condemning this country's past commitment to Vietnam and sharply questioning the future Asian role of the U.S.

Even while debate on these issues was raging before the Senate Foreign Relations

Committee two months ago, it seems, President Johnson was propounding a new "Johnson Doctrine" as sweeping in its implications for Asia as was the U.S. commitment to Europe almost two decades ago. Or so the Vice President reported in a transcript issued in advance of a television interview to be aired last night on the Columbia Broadcasting network. Mr. HUMPHREY was discussing the results of the Honolulu meeting between Mr. Johnson and South Vietnamese leaders in early February.

"I would never want anyone to underestimate the meaning of the Honolulu conference or the Honolulu declaration," the Vice President declared. "If that is studied carefully, I think it has as much significance for the future of Asia as the Atlantic Charter had for the future of Europe."

At the time, no such interpretation was read into the joint statement issued by Mr. Johnson and the South Vietnamese. Mr. Johnson didn't talk of an Asian "doctrine" and neither did the document itself, whose precise terms dealt strictly with Vietnam. But it actually was intended as "a much broader declaration," the Vice President insisted last night. "It was directed towards an Asia, a modern Asia, an Asia at peace, an Asia with tremendous programs of social, economic betterment."

ILLUSTRATIVE EXCERPTS

Excerpts from the exchange that immediately followed are illustrative, at the very least, of how "doctrines" come into the geopolitical lexicon. But they also bear heavily on the very question currently disturbing Senator FULBRIGHT (Democrat, of Arkansas), Foreign Relations Committee chairman: How is it that the U.S. gets committed to large international undertakings with hardly anybody being aware of it. In the CBS interview, which was taped last Wednesday, Mr. HUMPHREY says it would have been obvious if "more attention (had) been given to that declaration and a little less attention to the personalities involved."

This, then, was the "articulation of a Johnson Doctrine for Asia?" Mr. HUMPHREY was asked. "Yes, I think it was," he replied. "I hadn't heard it put quite that way, but as you have said it, that would be as I would envision it and see it." The Vice President noted that the declaration pledged the U.S. in general terms to "defeat aggression, to defeat social misery, to build viable, free institutions and to achieve peace." These are "great commitments," he went on. "I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home. And I regret that we haven't been able to dramatize it more."

Q. (from CBS commentator Eric Sevareid). Mr. Vice President, there are immense implications, it seems to me, in what you are saying here.

A. Yes.

Q. You seem to me to be saying that the Johnson Doctrine, if we may call it that, is proposing a relationship between this country and Asia, far away as it is, and sprawling and diverse as it is, a relationship as fundamental, as long-lasting, intimate and possibly expensive as our historic associations with Europe. Is it of this scale, of this magnitude?

A. I think so.

REGIONAL APPROACH

The Johnson Administration's plans for exporting the Great Society to Asia and elsewhere, with emphasis on a regional approach to Asian economic and social development, aren't new. The U.S. played a major role in promoting the recently created Asian Development Bank, subscribing \$200 million in capital out of the \$1 billion total. The President has talked up plans for joint development of the Mekong River Basin in Southeast Asia and pledged heavy U.S. out-

lays to that end, too. Next week, former World Bank President Eugene R. Black is off on another Asian tour as the President's special representative to examine new projects on which the U.S. and Asian nations might collaborate; yesterday, Mr. Black conferred with the President on plans for this excursion.

But nothing as formal and high-flown as the Vice President's "Johnson Doctrine" concept had yet been put forth. Nor had the U.S. mission in Vietnam ever been described in quite the terms used by Mr. HUMPHREY last night—terms certain to sharpen the Congressional debate over this country's future Asian policy.

Vietnam, Mr. HUMPHREY declared, is "almost like the first voyage of an explorer into a new land. The ship has almost been storm-tossed on the shore, but we are there." And he added:

"We are going to be in Asia for a long, long time."

That, of course, is what the debate in Congress and in the public arena has been all about Senator FULBRIGHT and others have been arguing heatedly that the U.S. had no business getting bogged down in Vietnam in the first place, that it ought to disentangle itself as rapidly as possible, and that it shouldn't take on similar commitments in the future, especially in Asia.

Earlier this week, in committee hearings on foreign-aid legislation. Chairman FULBRIGHT hammered hard at the need to put foreign aid on an "impersonal" basis through wider use of multilateral agencies, just to avoid having broad political and military obligations grow out of seemingly narrow commitments to economic assistance. Senator FULBRIGHT contended this was how the U.S. got drawn into Vietnam, and he and others argued that it shouldn't be allowed to happen again elsewhere.

Yet, if the Vice President's statements are to be interpreted as firm policy, the enunciation of a Johnson Doctrine can only "personalize" the U.S. role. As for the thought advanced by Senator FULBRIGHT and many other critics of the Vietnam War—that the U.S. has no real business being so deeply entangled in Asia—the Vice President seemed almost to be inviting argument. "That is what the (Senate) hearings are all about," he declared in stating categorically that "we can't be a world power with a half-world involvement."

It was impossible to determine precisely how much of a hand, if any, Mr. Johnson may have in the Vice President's declarations. Late yesterday, officials who might have been expected to know professed ignorance. Some of them also conceded to some surprise that Mr. HUMPHREY had gone as far as he did in challenging the critics of current Asian policy.

"This will really make FULBRIGHT explode," said one who feared a rapid heating of Congressional and public debate as the result of the Vice President's remarks, whatever the President's role may have been.

Controversy is likely to be all the more inflamed by the Vice President's claim that "great commitments" to all of Asia were contained in a document that seemed to deal almost exclusively with the war in Vietnam.

EASE OF COMMITMENT

Already, deep concern is apparent about the ease with which the U.S. Government gets itself committed, as in Vietnam, by such seemingly innocuous documents as former President Eisenhower's original promise of economic assistance to the government of former South Vietnamese Premier Ngo Dinh Diem just after the signing of the 1954 Geneva accords. For years, the U.S. involvement in Vietnam was founded on this pledge, which included no reference to military support.

The Honolulu declaration, on its face, is equally innocuous, as far as mentioning the

rest of Asia is concerned. Its four parts include a brief preamble, in which the governments of the U.S. and Vietnam jointly declare their "determination in defense against aggression," their "dedication to the hopes of all the people of South Vietnam," and "their commitment to the search for just and stable peace."

The next two parts are devoted to defining, respectively, Vietnamese and U.S. purposes in the war. The U.S. statement makes general reference to U.S. "pledges" to the principle of self-determination and to playing "its full part in the world-wide attack upon hunger, ignorance and disease," in explaining what the U.S. is doing in Vietnam.

In the fourth section, the two governments subscribe jointly to a common commitment to "defense against aggression, to the work of social revolution, to the goal of free self-government, to the attack on hunger, ignorance and disease, and to the unending quest for peace."

It was in this last declaration, apparently, that Mr. HUMPHREY saw a "Johnson Doctrine"; his March report to the President, on his return from an Asian tour after the Hawaii meeting, did make vague reference to something grander in scope than a commitment to Vietnam. In that report, Mr. HUMPHREY said the Honolulu declaration "could represent a historic turning point in American relationships with Asia." He argued that Asian leaders were taking the Honolulu goals "very seriously."

But the notion that this amounts to a "doctrine" or a great commitment is new, and almost certain to raise the question of whether the Administration isn't once again reading profound obligations retroactively into documents that weren't billed as obligations, commitments or high policy at the time.

One practical effect could be more far reaching than the anticipated difficulty for the Johnson foreign-aid program. Mr. FULBRIGHT has already threatened to oppose it. The Foreign Relations Committee's second ranking Democrat, Senator MORSE of Oregon, has promised to battle for deep reductions, centering on funds for Vietnam. Conscious of this developing opposition, atop the usual Congressional resistance to foreign aid, most Administration officials have been taking a low-key, once-removed approach to Asian aid, playing up multilateral methods and the importance of Asian self-help. The Vice President's pronouncement last night make this line somewhat more difficult to maintain.

Mr. FULBRIGHT. Mr. President, I shall read certain parts of the article. I read:

Even while debate on these issues was raging before the Senate Foreign Relations Committee two months ago, it seems, President Johnson was propounding a new "Johnson Doctrine" as sweeping in its implications for Asia as was the U.S. commitment to Europe almost two decades ago. Or so the Vice President reported in a transcript issued in advance of a television interview to be aired last night on the Columbia Broadcasting network.

I continue to read:

This, then, was the "articulation of a Johnson Doctrine for Asia?" Mr. HUMPHREY was asked. "Yes, I think it was," he replied. "I hadn't heard it put quite that way, but as you have said it, that would be as I would envision it and see it." The Vice President noted that the declaration pledged the U.S. in general terms to "defeat aggression, to defeat social misery, to build viable, free institutions and to achieve peace." These are "great commitments," he went on. "I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just

here at home. And I regret that we haven't been able to dramatize it more."

Q. (from CBS commentator Eric Sevareid). Mr. Vice President there are immense implications, it seems to me, in what you are saying here.

A. Yes.

The Vice President agrees that they are. I agree that they are too. All I am trying to do is to alert the Senate to this development before this commitment goes beyond the point of no return. We would then be called upon to implement a commitment which would have been made without protest or consideration by the Senate.

For the information of the Senate, I have the complete transcript of that broadcast referred to by Mr. Geyelin.

I ask unanimous consent that the entire transcript of the CBS special news report of April 19, 1966, be printed at this point in the RECORD so that there will be no room for misunderstanding about what was said.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

A CONVERSATION WITH HUBERT HUMPHREY (CBS news special report as broadcast over the CBS television network and the CBS radio network, April 19, 1966)

Guest: Honorable HUBERT H. HUMPHREY, Vice President of the United States.

CBS news correspondents: Eric Sevareid and Martin Agronsky.

Producer: William J. Small.

Associate producer: Sylvia Westerman.

Director: Robert Vitarelli.

Mr. AGRONSKY. This is the desk of the Vice President of the United States in the Executive Office Building. From this desk he can see the White House across the way.

A view of the West Wing which contains the office of the President.

The office of Hubert Humphrey has the expected memorabilia, photographic reminders of a busy political career spanning several Presidents, F.D.R. on the entrance wall, Johnson, Kennedy, Truman and photographs of the family, Mrs. Humphrey, his parents, his children, grandchildren, and a wry bit of philosophy.

Sometimes I grow tired of a dedicated people, community minded people, great endeavors, things that some things should be done about, eager beavers. And when I grow tired of such things I look with fondness on gentle philosophies, the light of heart, children.

ANNOUNCER. From Washington, CBS News presents a conversation with HUBERT HUMPHREY. With him are CBS News Correspondents Eric Sevareid and Martin Agronsky.

Their discussion with the Vice President begins after this message.

Mr. SEVAREID. Mr. Vice President, this administration seems to have given the American people several explanations as to why we are in Vietnam, beginning with the letter from Mr. Eisenhower about aid, and all the way up to the SEATO Treaty.

Do you think this has been well done in terms of persuading the people that there is a clear and consistent policy?

Vice President HUMPHREY. It is always easier, of course, to persuade people, or to get a message to the American people, if there is a sudden development.

For example, it did not take much persuading of the American people when Pearl Harbor happened. And, indeed, it didn't take a great deal of persuading of the American people after Dunkirk. These were dramatic events that compelled everyone's—well, that compelled everyone to know what was going on, the information was there, the drama

was there. It was rather—it was simple, even though horrible. And a declaration of war, for example, surely compels people to know what is going on.

In this situation, though, it is much more complex. The war is different itself. It is a political war. It is a guerrilla war. It is an area of the world that is in revolution—instability of government, the fragility of the— the fragile nature of the political institutions. All of this makes it very complicated to find any simple, direct answers to the problems in Southeast Asia, or to give simple, direct, understandable statements as to what we are seeking to do.

And it is, as you have indicated—we sort of approached the Vietnamese situation by walking up and putting our toe into that trouble—into those troubled waters, and then going in just a little deeper, starting back in 1965, where we made some commitments, economic commitments at that time.

But I think our objectives are rather clear—to defeat the aggression, to stop the aggression, to prevent the success of aggression, we have said, and to give the peoples of South Vietnam their opportunity to make their own choice, to design their own government, to have free elections for the establishment of their own government, and ultimately to make a decision as to whether or not they wish to unite in one country or to have two countries.

Mr. AGRONSKY. Mr. Vice President, to use your own figure of speech, we began by putting our toe in the water, and certainly now we are in it up to our neck.

How wise and how fair is it for the American people to be involved to that extent without a declaration of war?

Vice President HUMPHREY. I personally believe that a declaration of war would only exacerbate the situation. I think it would create a highly emotional fever in this country that would truly escalate the struggle.

Mr. AGRONSKY. Why do you think that?

Vice President HUMPHREY. Because the whole attitude of the people changes. The organization of your country changes.

The activities of your government change.

One of the things that we have tried to do in this period is to continue to operate an economy on a rather normal basis without the strict controls that come in by the declaration of war on a national emergency.

Furthermore, you trigger a whole series of events once there is a declaration of war. It is a matter of telling the rest of the world—join up. It really is putting up a signal that you are not only in trouble, but trouble is everywhere, and you may want to join in that trouble.

Mr. SEVAREID. It looks to a lot of people as though the troubles of Marshall Ky in Saigon more or less date from the Honolulu Conference, when he came to see President Johnson. Is there a direct connection?

Vice President HUMPHREY. Not at all. I wouldn't think there was any direct connection. There, of course, this is the sort of a base line for American journalism, because Prime Minister Ky took on added significance in the American mind, in the American communication media, from the Honolulu Conference. He had high visibility at that particular time because the President of the United States was at the conference, and because the conference was a very important conference.

There had to be some identification with individuals because individuals make up government and the only government that was available at that time in Saigon was the government representatives that the President met with in Honolulu.

I would never want anyone to underestimate the meaning of the Honolulu Conference, and the Honolulu Declaration. If that is studied carefully, I think it has as much

significance for the future of Asia as the Atlantic Charter had for the future of Europe.

Mr. AGRONSKY. What do you have in mind when you say that?

Vice President HUMPHREY. Because the Honolulu Declaration that came from that conference, while in terms of current history was directed towards Vietnam, it was a much broader declaration. It was directed towards an Asia a modern Asia, an Asia with abundance, an Asia with social justice, an Asia at peace, an Asia with tremendous programs of social, economic betterment. That is the way I read the Honolulu Declaration. And I have studied very carefully and frankly have been very much moved by it.

I regret that more attention has not been given to that declaration, and a little less attention to the personalities involved.

Mr. AGRONSKY. This was the articulation of a Johnson doctrine for Asia?

Vice President HUMPHREY. Yes, I think it was. I really believe that, sir. I had not heard it put quite that way, but as you have said it, that would be as I would envision it and see it.

Now, what was said in this declaration was a pledge to ourselves and to posterity to defeat aggression, to defeat social misery, to build viable, free political institutions, and to achieve peace.

Now, those are broad terms, but these are great commitments. And then you add onto this, sir, our relationships with India and Pakistan, but particularly now India, where the discussions between our two governments have gone far beyond just food; they have gone into the whole matter of development of the economy, the social, political structure.

I think there is a tremendous new opening here for realizing the dream of the Great Society in the great area of Asia, not just here at home. And I regret that we have not been able to dramatize it more.

Mr. SEVAREID. Mr. Vice President, there are immense implications, it seems to me, in what you are saying here.

Vice President HUMPHREY. Yes.

Mr. SEVAREID. You seem to me to be saying that the Johnson doctrine, if we may call it that, is proposing a relationship between this country and Asia, far away as it is, and sprawling and diverse as it is, a relationship as fundamental, as long-lasting, intimate, and possibly expensive as our historic associations with Europe. Is it of this scale, of this magnitude?

Vice President HUMPHREY. I think so.

Mr. SEVAREID. Then the American people have not really been told that we are taking on another half of the world as our intimate and chief responsibility.

Vice President HUMPHREY. Well, I don't think they ought to be called that, because that is not the case. It is not our responsibility. I think the American people have been told, again by the cruel facts of war in Vietnam, that we are involved in Asia. Whatever one may think about the struggle in Vietnam—and there are honest differences of opinion about how it ought to be conducted, whether we ever should have been there and how we are going to get out—and I don't want to spend my time arguing the details of that.

We have our problems there; but I do know this, that we are there and that it is almost like the first voyage of an explorer into a new land. The ship has almost been cast, has almost been tossed—storm tossed on the shore and on the beach, but we are there. And we are going to be in Asia for a long, long time. That is what these hearings are all about, about our relationship with Communist China. There is no way that we can really ignore this part of the world, or should we.

We can't be a great power like America

with a half world or, as I have said so many times, a world power with a half world involvement, or a world power with a half world knowledge.

Our first objective, it seems to me, should be to be better acquainted with this part of the world in depth, to know more. And I suppose one in public life should not admit his own inadequacies, but it is very difficult for anyone to conceal them, so you might just as well admit them. How little we know, how regrettably how little I have known about Asia—even though I thought I was a student of government and of international politics, if not a good practitioner, at least a student of it. But now Vietnam has compelled us to take a good look at where we are and whether we—and what we are going to do about this part of the world.

It does not mean that we manage it. The one thing that I learned on my visit to Asia, the one impression that I came back with was that Asians themselves want to make Asian policy, they want to take their own initiatives, they want our help, they want our cooperation, they desperately need it. They need our know-how. They need our technical assistance.

When I returned I said to many of my associates in government, this is going to really challenge us. This will be the test of our leadership capability. We have great military men in our nation. We have powerful weapons. I think we can be very proud of their achievements and their competence. The question is do we have the same statesmanship quality to help build nations.

We are literally being called upon to help a people build a whole new society. And I have said to many of my good liberal friends in government—I said, "Look, we ought to be excited about this challenge, because here is where we can put to work some of our ideas of how a—nation building, of new concepts of education, development of local government, the improvement of the health standards of people, and really the achievement and the fulfillment of social justice."

Mr. SEVAREID. This Vietnam war seems to have become a kind of a measuring rod for a person's general political philosophy in this country, and we are told now, in the press and by many speakers around the country, that you are losing your liberal identification and your liberal following, after a lifetime of enjoying it, because of your support of this war.

Vice President HUMPHREY. Did you say a lifetime of enjoying it?

Mr. SEVAREID. You have enjoyed their support. No doubt much pain with it.

Do you feel this is true?

Vice President HUMPHREY. I think it is fair to say that a number of my old friends disagree with me on my position on the struggle in Vietnam. I respect their right to do so and I respect their point of view.

But I must say in all candor that if a lifetime—and you are right—if a lifetime of service to progressive and liberal causes and legislation is to fall by the wayside because of a disagreement over an action in Vietnam, then the reliability of friendship is found wanting.

I have disagreed with many a man in public life on a particular issue, and yet joined with him again with great respect and admiration in another struggle.

I used to lose friends because I was for medicare. I lost a lot of them. I lost many good supporters. They called me all kinds of things. I lost a host of friends when I advocated civil rights. But I was right, and I felt it deeply. It was not politically popular. I want to make it quite clear, that was a political albatross for years. I carried a heavy load but I felt it.

Mr. AGRONSKY. You feel it is unfair, then, to take away your liberal credentials as a result of the Vietnam—

Vice President HUMPHREY. Well, I don't think a man ought to say it is unfair. Everybody is entitled to their own peeve. But I have not really found too many people that dislike HUBERT HUMPHREY for one particular issue. There are apparently quite a few that are not too fond of him, both conservative and liberal.

Mr. SEVAREID. I think we might interrupt at this point, Mr. Agronsky and Mr. Vice President; we will be back with this discussion with Vice President HUBERT HUMPHREY in just a moment.

Mr. AGRONSKY. Do you and the President feel, as so many seem to feel, that abroad the whole American policy system seems to be unraveling, with the NATO problem which you have mentioned, with the crisis in Vietnam? Are we going to be forced to reevaluate our whole foreign policy position, are we in the process of doing that?

Vice President HUMPHREY. I heard the Secretary of State say the other day, gentlemen, that there had been in the past I think two years over fifty changes of government. This necessitates constant reevaluation of your policies, a readjustment of your relationships, new forces come into being—the situation in the Congo, for example—two years ago it was entirely different than it is today. The situation in Rhodesia today is entirely different than it was even six months ago. Obviously the situation in Brazil is much different than it was two or three years ago.

All I am saying is that a big power such as the United States, or a large power such as the Soviet Union, constantly has to readjust and re-evaluate its endeavors, its diplomatic, its economic programs, and its overseas endeavors.

Mr. SEVAREID. Mr. Vice President, you make these changes sound more or less like a normal process. But surely the change in Europe is a breakup of the fundamental patterns of European power and its balance as we have known it for twenty years. I am at a loss to see what conception this government has of the new Europe that is going to arrive, what we want to see.

Vice President HUMPHREY. Well, I don't suppose that I am capable of giving you a blueprint of the kind of new Europe that will arise, and I must say that I doubt that you build—I doubt that societies are created out of blueprints. They generally come out of the pragmatic approach of experience and sometimes even sad experience.

We learned a great deal out of the sadness of and the tragedy of war, and out of depression.

Mr. AGRONSKY. What are we going to do about living in a Europe without France, which is deliberately excluding itself from participation in Western European life and policy and defense?

Vice President HUMPHREY. I think what the Secretary of State has indicated is that it is possible to have a NATO, that is, a North Atlantic Treaty Organization, without France. And, of course, it is. The other fourteen members can have an integrated command, can have political consultation, that is, the NATO consultative body or the NATO Council. These things can be.

Now, if you ask me, will it be as strong as if you had France within it, my answer would be, in candor, no. Western Europe with France an integral part of a Western European alliance or a Western European treaty organization like NATO, is a better Western Europe—that is, it is a stronger one. It is stronger politically, it is stronger militarily, and I think it is stronger economically. But I don't think we ought to say that if any one country drops out, that this is the end of the road.

I do think it is fair to say that NATO without France will make Germany a much more

significant power. It will place a greater power emphasis upon Germany. But we are going to move ahead, to preserve NATO, if France—and France will, under de Gaulle, pursue its independent course.

France wants, under President de Gaulle, wishes to pursue an independent policy, but at the same time to have the umbrella of American power and Western European integrated power as her protection. She wants total defense without total commitment.

Mr. AGRONSKY. Would it be fair to say, Mr. Vice President, that the American view of France today might be predicated on the feeling that de Gaulle, after all, is not immortal?

Vice President HUMPHREY. It is my view that France will come back into a Western European alliance, an integrated alliance. I think France is needed. As long as President de Gaulle is the leader of the French Republic, she will pursue a very independent course. And I think we have to be prepared for that.

By the same token, I do not expect France to be unaware of her own defense, and she knows that her relationships with the United States are very important. She will want to have bilaterals, that is, treaties with the several European countries. She just doesn't want to have her so-called sovereignty touched.

Mr. SEVAREID. What kind of a treaty do you think de Gaulle wants with the Russians?

Vice President HUMPHREY. I don't think we have any real evidence yet as of this moment what the President of the Republic of France will do. But I am sure of one thing, that he will attempt to convey to all of Europe his idea and his dream of a Europe between the Atlantic and the Urals, a Europe of peace, and as he thinks of it, a Europe more closely allied, more closely—not integrated—that word doesn't fit into his picture or pattern—but a Europe of non-aggression. There has even been talk of non-aggression pacts.

These things are not particularly frightening to anyone. I think that you ought to look with some favor upon creative thought about political arrangements in Europe.

Mr. SEVAREID. Is this a time for President Johnson to go to Europe?

Vice President HUMPHREY. The President has never suggested that I should be his tour director or to outline his travel program. I think it would be better to put that question to the President, and you will have that opportunity some day, I am sure.

Mr. SEVAREID. I make the personal assumption that you would like to be President some day and on that assumption, may I ask you, wouldn't you have a freer and easier track towards that ultimate ambition, assuming it is yours, if you were still a Senator and not Vice President?

Vice President HUMPHREY. There are those that feel that way and have said so.

Mr. SEVAREID. I was asking about your feelings.

Vice President HUMPHREY. I am the Vice President. I wanted to be Vice President. I feel that I can offer something to my country in this position. I am at the center of the decision-making processes of our government. I make some contribution. I would not want anyone to think that the Vice President is a man of great power. He has responsibility without authority. He has prestige without power.

I would like to believe, gentlemen, that I have read history and studied American government. I used to teach it. And I want to say that there are very few professors of political science that spend one lecture on the Vice Presidency. And maybe that is all it deserves.

But I think from here on out—not from the day of HUBERT HUMPHREY, but going into the 20th Century, particularly the—starting of the thirties, that the office of the Vice President will command much more attention.

Mr. AGRONSKY. Mr. Vice President, Eric has raised the question of your own personal ambition for the Presidency, which we do not ask that you accept or deny.

But there is a consensus in the country that the major obstacle in the path of that personal ambition—and we speak now of course in terms of 1972—would be the Senator from New York ROBERT KENNEDY.

Now, what do you think of the press preoccupation with that particular issue? How does it affect you? Does it damage you in any way politically? Is it important?

Vice President HUMPHREY. Well, you men of the media must have something to write about and talk about, and there is nothing better than people.

Of course, the Senator from New York is an extremely able man, a fine family, well-known American family.

The Vice President is a political officer. I am somewhat flattered, I might say, because most Vice Presidents didn't get written up quite that much.

But to predict 1972, that is really quite a ways off. And I venture to say that both the Senator from New York and the Vice President cannot make any safe predictions about what will happen by 1972. There may be many other people on the political horizon that will over-shadow us all. That is entirely probable.

Who knows what those days ahead will offer.

Now, to answer your question—how does this affect me; it interests me. But it really does not upset me. It surely does not impede my activities. And, quite frankly, I don't sit around day and night plotting and planning how I am going to better my political position.

Mr. SEVAREID. Perhaps part of your problem, a continuing one, is that one-half the American population is about twenty-five years of age or under, and memories are short.

Vice President HUMPHREY. That is right. I am young of heart. I understand that fully well.

Mr. SEVAREID. And the young heroes are the popular heroes.

Vice President HUMPHREY. Well, heroes come and go.

I must say that one of the observations of politics is to remember that popularity is sometimes short-lived. Also that your stand on a particular issue can change your acceptance or can give you acceptance or rejection.

I don't think you can make long-term predictions.

Mr. SEVAREID. Mr. Vice President, you have given us a lot of time. You have been very responsive. We are very grateful.

Vice President HUMPHREY. Thank you.

Mr. SEVAREID. I think this might be the point to terminate the conversation.

ANNOUNCER. A Conversation with HUBERT HUMPHREY was prerecorded and edited under the supervision and control of CBS News.

Mr. FULBRIGHT. Mr. President, I want to say that I have had very serious conversations with Mr. Rostow on this subject. I do not wish to appear to quote him off the cuff. I can only say on my authority that my impression is that he believes it is the proper role for this country to become a major Asian power, to create a balance there as opposed to China and Russia.

I am not saying this policy is necessarily wrong. It comes as a great shock to me to think that this concept of our role could be contemplated without consideration by the Senate. I do not say that I would oppose such a policy, but I would like to study the matter thoroughly before I would be willing to sup-

port commitments to take this country into Asia in that fashion.

That is my position on the views of Mr. Rostow. I think it is of sufficient importance to warrant bringing it to the attention of the Senate.

Mr. President, a very enlightening and interesting article, written by Clayton Fritchey, appears in today's issue of *Newsday*. I believe the article has great merit, and I commend a reading of it to my colleagues in the Senate.

Therefore, I ask unanimous consent that it may be printed in the *RECORD* at this point.

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

STATE OF AFFAIRS

(By Clayton Fritchey)

WASHINGTON.—If President Johnson is saying what he seems to be saying, in adumbrating or proclaiming a new Asia First policy, the U.S. is about to embark on the most grandiose undertaking in its history.

One disturbing aspect of this extravagant ambition is that it has a kind of Thurber quality about it—a Walter Mitty dreams-of-glory fantasy—for the whole idea seems so far removed from real life and the logic of the future.

Washington correspondents have learned the hard way not to take all the Johnson rhetoric too literally, for often it is full of sound and fury, signifying only the mood of the moment. But a careful examination of both the text and context of his recent statements on the future U.S. role in the Far East suggests that they were not made off the cuff.

This sense of deliberation is fortified by collateral but little noticed statements which Vice President HUMPHREY and Secretary of State Rusk have been making since the Johnson meeting with South Vietnam leaders in Hawaii.

The Vice President was the first to assert that the Honolulu Declaration was not limited to Vietnam, but really constituted a new "Johnson Doctrine" for all of Asia, involving enormous commitments for the future.

"I would never want anyone," said HUMPHREY, "to underestimate the meaning of the Honolulu Conference or Declaration. If that is studied carefully, I think it has as much significance for the future of Asia as the Atlantic Charter had for the future of Europe."

Now comes the President himself announcing the "Pacific Era." Asia, he says, "is now the crucial arena of man's striving for independence and order—and for life itself." He coupled this with what he called "the determination of the U.S. to meet our commitments in Asia as a Pacific power."

In short, the commitment is no longer just to Vietnam, but to a whole continent. The U.S. is going to be Mr. Big in Asia, whether most Asians like it or not, and irrespective of how this affects our relations with Russia and our own allies.

In his most recent statement, Secretary Rusk made it clear that worsening relations between Russia and America would not deflect the U.S. "We are going to meet our commitment," he said, "and if there are those who don't like it, it's too bad."

The Administration's proprietary attitude toward Asia is exemplified by Rusk's warning to Russia and other Warsaw Pact countries against sending volunteers to fight in Vietnam.

Rusk himself has been constantly prodding our allies in both NATO and SEATO to send troops to Vietnam, and several have grudgingly responded but the Secretary now says that "it would be very unwise" for Hanoi's friends to do the same.

Does all this add up to a policy or to megalomania? There has always been a lot of dubious talk about America's "Manifest Destiny," but if it has such a destiny there are few, if any, geopoliticians who believe it is in Asia.

We are talking about a vast area that is 10,000 miles from Washington, and one that reason tells us is going to be dominated in the long run by China and Japan on the one hand, and by India and Indonesia on the other.

Japan, with 100 million determined, hard-working people, is already the third or fourth greatest industrial power in the world, but even so it will be dwarfed by the rapidly growing might of China, with its endless resources and 700 million disciplined people. Can there be any doubt that in a decade or so China will also be a major nuclear power?

Since, China, Japan, India, and Indonesia refuse to accept U.S. hegemony even in their present state of development, is it likely that they will defer to us when they are much stronger? There is not the slightest evidence that they share Johnson's new Asian vision. Quite the contrary.

The U.S. economy and military establishment are already straining under the burden of Vietnam alone; we could not sweepingly magnify our Asian effort except at the risk of seriously imperilling our position elsewhere in the world, which, in fact, is what we already are in the process of doing.

If the U.S. attempts to extend the Monroe Doctrine to the eastern as well as western hemisphere, it will find itself isolated, except for a handful of small satellites and dependents who have to play ball with us.

Before this becomes the irreversible policy of the government, perhaps there had better be a new round of Senate hearings so that Americans clearly understand what is involved. Now is the time to find out—before, not after, the Johnsonian Pacific era begins.

Mr. MANSFIELD. Mr. President, as always, the distinguished chairman of the Committee on Foreign Relations gives food for thought. I was not aware that Mr. Rostow was either the Secretary of State or the President of the United States, nor was I aware that the Vice President has taken over the Presidency.

Everyone is entitled to his personal views, and we may agree or disagree with them. As far as Mr. HUMPHREY is concerned, I would assume that what he was doing was not giving out official information at the time of a television interview, but was rather expressing his views as to what he envisaged to be the panoramic setting for the development of southeast Asia.

The distinguished Senator from Arkansas quoted Mr. Geyelin, who did write an autobiographical book on the President. He quotes him as follows, referring to the Vice President:

It seems he was proposing a Johnson doctrine.

Whether it is a Johnson doctrine in fact, or seems to be one—involves a set of different factors which ought to be considered.

The Senator has raised the question of our assistance to Thailand and what the Vice President had said when he was in Bangkok earlier this year.

If I remember correctly, we do have a security agreement with Thailand. We certainly are very closely allied to them in military terms.

We have a number of airbases which are operational. And I would say that

the Vice President's reference to other countries probably takes in the countries with which we have commitments and which have, in effect, been agreed to by the Senate in a proper procedural form.

Then the statement is brought up that Mr. Eugene Black, a man whom we all admire and who, I know, is a very close friend of the distinguished chairman of the Committee on Foreign Relations, was in Bangkok around the same time for the purpose of bringing the countries in the area together to form an Asian Bank, and to bring about the development of the Mekong Delta.

I think that both ideas are good. A bank which would be largely appropriated for by Asians living in that part of the universe is an excellent idea. Most of the money happens to come from those countries, including Cambodia which, in the meeting in Manila of December 1965, raised its appropriations from \$1.5 million to \$3 million.

I believe that Eugene Black is an excellent man to help bring about not only the creation of an Asian Bank, which is now happily in existence, but also the development of the Mekong, which will furnish, in an exceptional sense, some security and hope to the people who live in that area, including the Cambodians, the Laotians, the Vietnamese, the Thais, and, I would hope, in time the Burmese, because the Mekong also borders Western Laos and Eastern Burma.

But as far as an Asian doctrine is concerned, I really know of none. As far as this country is concerned, I repeat that we are not an Asian power, we are a Pacific power, with interests along the Asian coast.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. Just for the purpose of clarifying my mind with regard to the Senator's view, assuming, for the purpose of illustration, that there is such a doctrine as I have described, would the Senator favor it?

Mr. MANSFIELD. I would think that if there is such a doctrine as the Senator has described, it ought to be brought before the Senate for its consideration, at least.

Mr. FULBRIGHT. Does the Senator not believe that this evidence of statements by people who, while they do not have the last word—the President does—who are advisers of the President—and certainly the Vice President is a spokesman in an official capacity on numerous occasions, gives sufficient warning that there ought to be a discussion of this matter, consultation, a confiding by the executive in the Senate?

Mr. MANSFIELD. Yes; I would agree with the Senator in that respect.

Mr. FULBRIGHT. That is what I really am trying to elicit from the Senator. I believe that the President's speech to the Alumni Association in West Virginia, and other references, would indicate that he is very strongly committed to Asia and to this area at the moment, even beyond the war itself.

Mr. MANSFIELD. Yes; I would say that that is a statement of fact, on the

basis of reading the speech. I would only hope that the commitment would not go too far or too deep.

We do have peripheral areas with which we are allied and to which we have to give consideration. Whether or not we personally agree with that proposition is beside the point. But once a government gives its word, regardless of our personal feelings, we have to do the best we can to uphold what we have pledged.

I repeat, I hope we do not go too far in. I hope that we do not consider ourselves an Asian power. I am sure that nobody would disagree with the President's statement that we are a Pacific power, just as we are an Atlantic power, but there are limits beyond which we should not go.

Mr. FULBRIGHT. I agree with the statement of the Senator from Montana. I have nothing to quarrel with. If that is the case, I would like to be reassured about it. I agree with what the Senator has just said.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. I have listened to this discussion with a great deal of interest. I speak extemporaneously, because I did not know the Senator from Arkansas was going to make this speech.

I look at the situation from the military point of view. I have been on the Committee on Armed Services and the Committee on Appropriations for a number of years. The Senator from Arkansas and the Senator from Montana speak about an Asian policy. I have looked at the matter from the point of view of a policy of security to ourselves, for the safety of our country in the days ahead, and keeping our agreements.

I call to the attention of Senators the problems that existed in the Mediterranean in the administration of President Eisenhower. Also, we went into Korea as a member of the United Nations. We bore a great deal of the effort in that situation. We had agreements through SEATO with Thailand.

We have now gone into South Vietnam, perhaps more heavily than we ever intended. We have gone in there to protect our own security as well as to help a country retain its freedom. We know that if Australia, New Zealand, and those other countries come under other influences, it will affect our security and safety.

I do not say that there may not be policies looking to the future; but certainly a number of us—I speak only for myself—have carried forward our obligations as part of the effort of the United States to bring about greater security and greater safety for our citizens and an opportunity for peace in the world.

I agree with both Senators that if we go into these broader policies, certainly the Members of the Senate should have more factual information concerning those policies than is provided by discussions of them in various speeches by the President and the Vice President.

As I have said, I speak now as one who has followed this matter from a military point of view, essentially, with the safety and security of our country as major con-

siderations. Of course, we have to keep our agreements.

I call attention to the situation that existed in the Sea of Formosa, at which time the Senate supported almost unanimously the so-called Eisenhower doctrine, as I think it was called, to keep the Sea of Formosa free; because if we did not do that, the Communists would come over to Formosa, and that would make it more difficult for us in the channel, the Philippines, Japan, and so on.

Before that, we went into Korea, as part of the United Nations effort. There was some question as to whether that situation involved our security and safety as much as some of the other places did. It is my understanding that we have gone into Vietnam because we made an agreement—perhaps wrongly—back in 1954 to help protect those people and to give them an opportunity to establish a government of their own. Perhaps, as I have said, we have gone in further than we had intended.

But I look at all that we have done today, as Members of the Senate and as members of the U.S. Government, as an attempt to build up our own security and safety and to increase the opportunity for greater peace in the world. In the future we can look forward, perhaps, to something different; and if changes are under consideration, then we ought to be consulted.

I speak, as I say, to the two distinguished Senators—without having known that this speech was coming up—without an opportunity to reflect on all its implications.

Mr. MANSFIELD. Mr. President, I did not know that this speech was going to be given, until it was given, when I received a copy of it just before the Senator from Arkansas stood up.

The Senator from Massachusetts mentioned the Mediterranean. Of course, we have the 7th Fleet in the Mediterranean and we are a member of NATO. That does not mean that we are a European power. Because we are in Korea, Taiwan, and Vietnam does not mean that we are an Asiatic power. We are not. We are an Atlantic power on one side, with interests in Europe, and we are a Pacific power on the other, with interests in Asia, but we are not an Asian power.

Mr. SALTONSTALL. I agree 110 percent with what the Senator from Montana has said, and he has expressed it better than I could.

Mr. McCARTHY. Mr. President, I do not believe the chairman of our committee has really raised a new question, but he has called to the attention of the Senate a most serious matter which has been developing over a rather long period of time.

The Senator from Montana has said that we are not a European power. I believe that in a significant measure we are a European power. I believe that one of the matters of concern to many Members of the Senate is whether or not there is an Asian doctrine—if it can be called a doctrine; at least there are indications that there are some thoughts and beliefs that we should have an Asian doctrine. It does not have to be a Mon-

roe Doctrine, but a doctrine which commits us in somewhat the same way as we are and have been committed in Europe.

I do not know whether we ought to attribute official status to statements made by the Vice President, except when he is acting directly as the official agent of the President. This disposition to give official status to the statements of the Vice President began, I believe, under the Eisenhower administration, when there was talk that a new meaning was being given to the office.

If new meaning is being given, I believe it is a meaning just short of official, and we ought not create, in debate here, a disposition to accept interpretations or statements by Vice Presidents with reference to Presidential policies or administration policies, unless those statements are in relation to an assigned responsibility, an official responsibility, which is outside that which is ordinarily carried under the Constitution by the Vice President of the United States. That official responsibility is limited, as the Senate knows, to presiding over the Senate.

I believe the Vice President has more power in the Senate than has generally been used by a Vice President in recent years, when debates on Senate rules are under consideration. Beyond that, the Vice President has clear authority to vote in the event of a tie in the Senate. To go beyond those two defined responsibilities, one must judge the Vice President's remarks on the basis of how intimately the Vice President may know the mind of the President or anyone else whom he quotes.

Mr. President, I send to the desk an amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, strike out lines 22 through 24.

(At this point, Mr. PROXMIER assumed the chair.)

Mr. McCARTHY. Mr. President, this amendment has the effect of leaving the interest rate on development loans at the rates which now exist and at the rate which was recommended in the bill which the administration sent to the Senate.

The Committee on Foreign Relations discussed this question at some length and, as I recall, by a relatively close vote decided to increase the rate for the second stage, that period 10 years beyond the time the loan is made, from 2½ to 3 percent.

I opposed the amendment in committee and I urge that the Senate now act to leave the interest rate at its present level.

I believe this action is particularly justified now, since the Senate supported the Dominick amendment which increases the interest rate on the so-called 10-year grace period, from 1 to 2 percent.

To take that interest rate increase and carry it on with the interest rate raised from 2½ to 3 percent in the time beyond the first 10-year period would be, in my judgment, too great a burden on the development loan program.

On the floor of the Senate and in committee, I have supported amendments which dealt largely with procedures and proposals designed to give Congress greater control over the foreign aid pro-

gram. Members of the Senate, on the floor and in committee, have voted to cut certain programs. I have not always agreed, but the cuts were specific and the cuts could be determined. But I do not believe there is anyone who can fully interpret or make any kind of forecast or judgment as to what consequences these across-the-board increases in interest rates will have on countries that we are trying to help.

A number of Senators have been speaking during the last 3 or 4 months about the great consequences of the increase in interest rates in the United States and how this increase has disturbed, upset, and caused disruptions in our economy, which is the most productive economy in the world, and which has great internal strength. These Senators are greatly disturbed about consequences of interest rate increases which not even the experts could have foreseen.

Yet we are moving to increase interest rates in programs designed to help countries which are marginal and struggling, and on the edge of collapse. We proceed as if they were countries of great strength and vitality.

I suggest that this is a highly improper and dangerous way to proceed in connection with the program.

If it is dangerous in the United States, certainly this should serve as a warning to us to go slowly in dealing arbitrarily with interest rates in underdeveloped and struggling countries around the world.

The Senator from New York [Mr. KENNEDY] and the Senator from Ohio [Mr. LAUSCHE] addressed the Chair.

Mr. McCARTHY. Mr. President, I yield to the Senator from New York [Mr. KENNEDY].

Mr. KENNEDY of New York. I commend the Senator from Minnesota [Mr. McCARTHY] in the effort he is making in this matter, and the amendment he has offered. I think it is most worthy and can be beneficial. We face these difficult problems round the world. I want to associate and identify myself with the Senator.

Mr. McCARTHY. Mr. President, I yield to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, to carefully analyze the proposal made by the Senator from Minnesota [Mr. McCARTHY], and to obtain information about the interest rates charged by our country and other countries, such as Great Britain, Italy, Germany, and France, I direct the attention of the Senator to page 322 of the transcript of hearings. On that page there are two tables, one for the year 1962 and the other for the year 1963.

I merely wish to point out to the Senator that for the year 1962 our Government made loans of \$988 million at an interest rate of less than 1 percent, or completely free of interest. In 1963 it made loans of \$1,040 million, also at a rate of less than 1 percent, or interest free.

If Senators will study these tabulations and compare our interest charge with that of France, Italy, Great Britain, and Germany, and other nations of the world, it will be found that even though

we raised our interest rate for the first 10 years, and the balance of the tenure of the loan, we are still tremendously below the rate other nations are charging.

I recommend that he study the table, to see what the comparative statement is.

Mr. McCARTHY. I thank the Senator from Ohio for stating that point. However I am not going to refer to 1962 and 1963 but about 1964, 1965, and 1966.

Mr. LAUSCHE. I did not talk about them because they are not in the RECORD.

Mr. McCARTHY. The Senator would not have said quite what he said had they been in the RECORD, because the case would have been much clearer. I shall have something to say about what happened in 1964, 1965, and 1966. It does not altogether destroy the Senator's case, but it definitely weakens it.

This change may seem minor, since it reduces the rate from 3 to 2½ percent, but the effects are highly important. The proposed increase to 3 percent would move us one step further in the process that has been taking place since 1963, a period of 3 years. The interest rate charged by the United States on AID development loans will have increased by 300 percent—a threefold increase in the interest rates that were charged in 1961 and 1962.

The minimum interest rate was set by Congress in 1961 at three-fourths of 1 percent. In 1963, it was raised to 2 percent. In 1964, it was raised to 2½ percent. Now it is proposed, by the amendment adopted by the committee, to raise the rate to 3 percent.

In 1964, the Committee on Foreign Relations, I remind the committee, suggested that the executive branch make a thorough study of loan terms and report to Congress. Now it is proposed that another study of foreign aid be made, presuming that it would be helpful to us.

The study directed to be made in 1964 was made, and a report was submitted. The report stated:

Hard loan terms are incompatible with the goal of helping developing countries achieve self-sustaining growth in the shortest time with the least amount of aid.

That recommendation was made by the study group which the Committee on Foreign Relations recommended. The report went on to say that:

AID minimum loan terms are already hard enough—if they are not to hard. They should not be hardened further.

Now it is proposed that we proceed to harden them and to make it more difficult for those countries to repay their development loans.

Last year, Congress held the minimum at a level of 2½ percent. This year, by committee action, the rate has been raised to 3 percent. There is no question that this action will add greatly to the debt burden and debt service burden of the developing countries; and it may well reverse the promising trends toward softer loans on the part of other nations.

Let me speak first as to the debt burden. Congress should decide whether we are conducting an AID program or whether this is a commercial venture. We should decide whether we want to create a heavy burden of debt and en-

courage default, because that certainly will happen. We can provide assistance on reasonable terms and encourage true and productive development, or we can continue to raise our minimum rates, turn the AID program into a commercial operation, and slow down and perhaps destroy the hopes for progress in many countries of the world.

Last year the World Bank, to which continuing tribute has been paid on the floor of the Senate, reported that outstanding public and publicly guaranteed indebtedness of the developing countries had increased from \$9 billion in 1955 to an estimated \$33 billion at the end of 1964—a compound rate of interest of something like 15 percent a year. No doubt it has further increased by a substantial amount during the past year and a half.

Moreover, these figures present only part of the picture. They exclude non-guaranteed private debt, commercial arrears, and direct private investment with its attendant obligations for remittance of dividends, royalties and managerial fees.

Taking into account that a high proportion of this mounting indebtedness is of short and medium term maturity, it becomes apparent that the rate of increase in debt servicing obligations of the developing countries has been even more rapid. The IBRD has estimated that aggregate debt service payments in 1964 by the developing countries were probably well over \$4 billion. They absorbed something like 12 percent of export earnings, compared with an estimated 4 percent as recently as the mid-1950's.

Currently interest and amortization payments received by the developed country members of the Development Assistance Committee on official loans to the less developed countries are running close to 20 percent of loan funds disbursed to those countries. With the approaching end of grace periods on Development Loans made in recent years, the debt servicing burden can be expected to increase still more sharply, posing a serious threat to the determination and capacities of the developed nations through new loans to continue to contribute a net flow of resources to the investment capabilities of the less developed countries.

The problem of debt is a very serious matter. Mr. George Woods, president of the World Bank, spoke frankly in a recent article in Foreign Affairs, saying:

These levels of debt service are dangerously high. They mean that a good part of the countries' foreign exchange resources must be devoted to servicing previous obligations rather than to new productive development. Indeed, when all amortization, interest and dividend payments are taken into account, the backflow of some \$6 billion from the developing countries offsets about half the gross capital inflow which these countries receive. These payments are continuing to rise at an accelerating rate, and in a little more than 15 years on present form, would offset the inflow completely. In short, to go on doing what the capital-exporting countries are now doing will, in the not too long run, amount to doing nothing at all. More finance is needed, and on terms more appropriate to the facts of life in the underdeveloped countries.

An increase in AID interest rates would serve only to aggravate the problem—to increase the total debt burden of recipient nations and increase the yearly costs of their debts.

The committee action would increase the total appropriations from the Congress that would be required to do the same job. The AID study shows that the proposed Senate amendment would mean that Congress would have to appropriate \$100 million per year to do the same job. We can do the job faster at less expense with lower rates.

If Congress approves the committee action, it will increase the burden to be imposed on the less developed countries.

The World Bank itself has moved to meet the problem of mounting debt by establishing the International Development Association, which extends loans of low interest with a long-term repayment period. And under the leadership of Mr. Woods, the Bank has been encouraging all donor nations to take every possible step to head off the crises which can now be foreseen.

Mr. President, it is neither in the U.S. national interest nor in the interest of the developing countries themselves for us now to adopt an amendment which would further aggravate the debt problem.

The second problem raised by the committee amendment is its effect on the increasingly successful efforts to persuade other donor nations to lower their interest rates. I address this to the Senator from Ohio [Mr. LAUSCHE], who has raised the point: The United States has been a leader in this effort and in recent years we have been more and more successful.

On the average, the loan terms of other aid-giving nations are still harder than our own, and harder even than ours would be if the proposed increase of one-half of 1 percent were enacted. However, over the last few years, there has been a significant trend towards softer loan terms by these other nations. Whereas U.S. terms, including Export-Import Bank loans, on the average hardened from 2.5 to 3.3 percent between 1962 and 1965, the average terms of other members of the Development Assistance Committee in the aggregate softened from 5.3 to 4 percent over the same period.

Mr. LAUSCHE. These are Export-Import Bank loans?

Mr. McCARTHY. This includes all the loans, including the Export-Import Bank. For France the weighted average interest rate over this period decreased from 4 percent to 3.7 percent; for Germany from 4.4 percent to 4.2 percent; and for the United Kingdom from 5.8 percent to 3.3 percent. They should, of course, do better, but at least the trend is downward.

I do not say that their interest rate should be higher than ours but, with the example of U.S. persuasion which we have been able to exert upon them because our rates were lower, it has had the effect of inducing them to reduce their interest rates.

Mr. LAUSCHE. It is a fact, however, in spite of their reduced rates, that ours are still substantially lower?

Mr. McCARTHY. In the case of the United Kingdom, this aggregate rate would be roughly the same—that is, 3.3 percent for the United Kingdom and 3.3 percent for the United States. In the case of France it is slightly higher—that is, 3.7 percent as against 3.3 percent, and in the case of Germany it is even higher, 4.2 percent as against 3.3 percent. The idea has been to get them to reduce, and they have been reducing their rates. Thus, it is dangerous for us to continue to press for this increase to what I believe would be the danger point, as we might discourage the efforts they have been making.

Mr. FULBRIGHT. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. FULBRIGHT. Would the Senator's amendment affect the interest rate during the grace period?

Mr. McCARTHY. The amendment would have no effect on the interest rate during the grace period, which is now 2 percent, by virtue of the amendment offered by the Senator from Colorado [Mr. DOMINICK], and agreed to by the Senate yesterday.

Mr. FULBRIGHT. In other words, the Senator is not seeking in any indirect way to undo what the Senate did yesterday with regard to the interest rate during the grace period?

Mr. McCARTHY. That is right.

Mr. FULBRIGHT. There is a misunderstanding on that, which I wanted clarified.

Mr. McCARTHY. The interest rate in this amendment applies only after the grace period. We seek to reverse the action taken by the Foreign Relations Committee, which did not anticipate that the interest rate would be raised from 1 to 2 percent in the grace period.

Mr. FULBRIGHT. In the committee I did not vote for the increase in the interest rate. I disapprove of increasing it in the grace period. As long as we are going to make loans, I think they should be made under conditions which are reasonable. The matter does not deal with the overall amount available for loans, so I wanted to make clear that the Senator is not dealing with the interest during the grace period, only that in the committee we increased it one-half of 1 percent.

Mr. McCARTHY. The Senator is quite correct. In fact, the adoption of the committee amendment which raises the interest rate from 2½ to 3 percent after the grace period, which is 10 years, plus the increase which the Senate adopted in accepting the amendment of the Senator from Colorado from 1 to 2 percent, means, in effect, that we will have increased the interest rate by three-fourth of 1 percent over a 20-year period. That does not check out quite to that amount, but it is 100 percent more in the first 10-year grace period and one-half of 1 percent more in the period following that. I may have an amendment to offer dealing with the amendment of the Senator from Colorado, but this particular amendment applies only to the interest rate following termination of the grace period.

Mr. MILLER. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. MILLER. I should like to ask this question: As a result of action taken on the Dominick amendment, as I understand it, the interest rate for the first 10 years is now 2 percent.

Mr. McCARTHY. That is right.

Mr. MILLER. If the Senator's amendment is adopted, that would be following on the interest rate, and it would also be 2 percent?

Mr. FULBRIGHT. Two and a half percent.

Mr. McCARTHY. The existing law calls for a maximum rate of 2½ percent. The committee raised it to 3 percent.

My amendment would restore it to 2½ percent, which is the current rate. It is not intended to have any bearing on the interest rate during the grace period of 10 years.

Mr. MILLER. Then where is it reduced, if the Senator's amendment is adopted, so that the grace period amounts to only one-half of 1 percent for 10 years?

It does not look very much like there would be much of an advantage if 2 percent is to be charged if, on the follow-on, there will be a charge of only one-half of 1 percent more.

Mr. McCARTHY. I would be inclined to agree. I think we have practically destroyed the grace period. The reference to the grace period is only on the principal.

Mr. MILLER. I understand—

Mr. McCARTHY. There would be a little difference between the two periods. In the grace period the interest was increased by 1 percent.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MORSE. The Senator's amendment would eliminate from this section of the bill all the interest rates that have been changed. He would end up with the interest rate in the present law. That means the amendment would in effect repeal the 2 percent for the 10-year grace period that we adopted yesterday. The Senator is not only asking to change the 2.5 to 3 percent beyond the grace period, but automatically, by his amendment, he would eliminate that part of the bill which refers to the grace period. I am opposed to both. I do not think the Senator should—

Mr. McCARTHY. I have consulted the Parliamentarian.

Mr. MORSE. Consult him again.

Mr. McCARTHY. That is the language I thought he recommended in that place in the bill. If what the Senator has said is the case, perhaps we can ask him.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. LAUSCHE. Is the amendment offered by the Senator from Minnesota parliamentarily in order, in view of the fact that it contemplates changing the Dominick amendment?

Mr. McCARTHY. It was not intended to change the Dominick amendment, but

upon the advice of the Parliamentarian, we can change it, if necessary.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the amendment is in order because it is broader than the Dominick amendment.

Mr. McCARTHY. I discussed it with the Parliamentarian. I did not have in mind changing the interest rates in the grace period which was affected by the Dominick amendment.

Mr. LAUSCHE. But the amendment does change the Dominick amendment, because it strikes it.

Mr. McCARTHY. Mr. President, I ask unanimous consent to change the wording of the amendment, if, on the advice of the Parliamentarian, it does change the Dominick amendment.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the amendment would have the effect of striking out the Dominick amendment.

Mr. McCARTHY. If I may have unanimous consent, I modify my amendment to conform with the advice of the Parliamentarian.

The PRESIDING OFFICER. The Senator may modify his amendment. It is not necessary to obtain unanimous consent.

Mr. McCARTHY. If the Parliamentarian will suggest language to accomplish the purpose that I intended, I shall be appreciative.

Mr. MORSE. Mr. President, for the record, it is important to the Senator from Minnesota, and certainly to the Senate, that we understand what the Senator is doing.

I understand the issue the Senator is seeking to address himself to is to make the interest 2½ percent beyond the grace period, instead of the 3 percent the Foreign Relations Committee recommended. If we can get that understanding and get the amendment put into that form, then we can meet the Senator from Minnesota on the merits of his proposal.

I think it would be an unwise position for the Senate to take. The Senate is too lenient even with the 3 percent. The American taxpayers are entitled to the cost of interest rates, which is far beyond any such amount as 3 percent. I think the record should be made on any such proposal before it comes to a vote.

Mr. McCARTHY. Mr. President, may I have the clerk read the amendment as modified?

The PRESIDING OFFICER. The amendment of the Senator from Minnesota, as modified, will be stated.

The legislative clerk read as follows:

On page 3, strike out lines 22 through 24 and insert:

"(b) Sec. 201(d), which relates to interest rates, is amended by striking out: '1 per centum' and substituting '2 per centum'."

Mr. McCARTHY. Mr. President, may I have a statement from the Chair that the amendment the clerk has just read will have a bearing only on the interest rate that applies beyond the grace period and would not in anyway affect the action the Senate took on the Dominick amendment?

The PRESIDING OFFICER. That is the Parliamentarian's interpretation.

Mr. McCARTHY. There is no appeal beyond the Parliamentarian at this point.

Mr. MORSE. Mr. President, may I make a parliamentary inquiry?

Mr. McCARTHY. I yield for a parliamentary inquiry.

Mr. MORSE. It is my understanding that the amendment offered by the Senator from Minnesota would have the effect of eliminating from the bill subsection (b) of section 201 which relates to interest rates, as amended, by striking the 2½ percent and substituting 3 percent, and by striking out 1 percent and inserting 2 percent, and he is now offering to put back what was in the Dominick amendment. But the amendment as the Senator offered it did have the effect of eliminating the Dominick amendment.

My parliamentary inquiry is whether the amendment that came to the floor of the Senate from the Senator from Minnesota is one that had the effect of eliminating the Dominick amendment.

The PRESIDING OFFICER. The Senator is correct, but the amendment has been modified.

Mr. MORSE. It was modified so that it only reduces the interest rate from 3 to 2½ percent after the grace period.

The PRESIDING OFFICER. That is correct.

Mr. MORSE. I appreciate the modification, because now we can go to a discussion of the issue on its merits.

Mr. McCARTHY. If the time comes when the Senator from Oregon wishes to be the Parliamentarian, I shall vote for it.

Mr. MORSE. I would be a bad Parliamentarian.

Mr. McCARTHY. The Senator would be a good one. I like his rulings.

As I pointed out, the other countries have been moving their interest rates down. This has been suggested by the World Bank in a report which was before the Foreign Relations Committee. It has been national policy to encourage their interest rates to move somewhat closer to ours.

This trend has reflected a number of policy changes in virtually every other member country of the DAC changes designed to increase flexibility in granting softer terms. The policies introduced included new soft loan programs, extended grace periods on interest and principal, interest rate subsidies, waivers of interest, the increasing use of current budgetary funds in the place of borrowing at high rates on domestic capital markets, and the blending of soft loans or grants with credits at harder terms.

The United Kingdom introduced in 1962 a policy of waiver of interest charges on selected loans during the grace period which resulted in effective interest rates significantly below the nominal rates. This was followed in 1965 by the introduction of a policy allowing completely interest-free loans in certain cases. It is expected that a high proportion of future British loans to developing countries will be interest-free.

In other words, they have provided a grace period in which there is no interest charged at all by the United Kingdom.

Contrary to that, we have just decided

here on the floor of the Senate to impose a 2-percent grace period interest rate on loans made by the United States.

Canada introduced in 1964 a soft loan program for development purposes under terms similar to the IDA; that is, 50-year repayment, 10 years grace period on repayment of principal, and three-fourths of 1 percent per year service charge during the grace period.

On the 20th of July, if I could particularly have the attention of the Senator from Ohio, the Canadian Government announced, at a meeting of the Development Assistance Committee of the OECD in Washington, that it was softening even further its development lending terms. While we are increasing ours, they are softening theirs. They have been charging three-fourths of 1 percent during the 10-year grace period. The Canadians have announced that on most future loans, they will abolish the service charge altogether. The Canadians will now join the British in making loans available during the grace period at no interest rate and no service charge whatsoever.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCARTHY. Yes, I yield to the Senator from Oregon.

Mr. MORSE. Does the Senator know whether or not the Canadian Government has a disaster loan program for the benefit of Canadian farmers, in case of some disaster, when they are about to have their property foreclosed on as the result of disaster?

Mr. McCARTHY. I am sure they do. I think they have a rather comprehensive program of crop insurance.

Mr. MORSE. Does the Senator know what interest rate Canadian farmers are charged in such a situation?

Mr. McCARTHY. I do not know. Does the Senator from Oregon know? I assume they charge interest at some rate.

Mr. MORSE. I want to know whether the Senator knows the interest rate charged to American farmers for disaster loans.

Mr. McCARTHY. Well, it is higher than this 2½ percent.

Mr. MORSE. It is 3 percent.

Mr. McCARTHY. That is right.

Mr. MORSE. Does the Senator think it to be a proper protection of American taxpayers' money, if we charge our own farmers 3 percent for disaster loans, in order to help them save their property from foreclosure and try to get themselves back into production, but charge people abroad only 2½ percent?

Mr. McCARTHY. I would be quite happy, if the circumstances are properly defined, to make not only interest-free loans but grants to farmers who are disaster victims in this country.

I do not think we help solve the problems of developing countries by raising their interest rates. Perhaps it would help solve the problem of the American farmers to reduce theirs; but I do not see how any good could be accomplished abroad.

Mr. MORSE. I respectfully suggest that we ought to take care of our own farmers first.

Mr. McCARTHY. Perhaps we can set an example. As the Senator knows, the only way we have been able to do anything about migratory workers in America was by making an issue of the way in which foreign migrants were treated in the United States. It might be that by doing something about the underdeveloped areas of the world, on proper terms, we might set an example which Congress might follow with reference to domestic problems.

Mr. MORSE. That would be an example for further waste of millions of dollars of the taxpayers' money.

Mr. McCARTHY. Not necessarily.

Mr. MORSE. What the Senator's proposal really amounts to is an indirect method of increasing the amount of money available under this aid bill by a good many millions of dollars.

Mr. McCARTHY. I say to the Senator, I think the first judgment we have to make is whether the programs are good.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. McCARTHY. I am quite prepared to say, as I have disagreed on some of the specific cuts, these are hard, specific judgments that get to a particular point. When you begin to deal with the problem of interest rates, as I said earlier, you do not know what the consequences will be. We have seen the consequences in the United States, where we have a great and strong economy, of the increase in interest rates in the last 6 months, and the dislocations and disturbances and the slowing down in the economy. These are the effects of imbalances created by virtue of an interest rate increase, which was thought would have, automatically, a good effect. It has not had that effect.

With reference to the struggling economies of the world and increasing the interest rates, while some good may come of it, I believe the total effect would be otherwise.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from New York.

Mr. KENNEDY of New York. When we talk about these programs, we are talking about something other than interest rates; we are talking about programs aimed at helping individuals in the fields of education, housing, agriculture, or clean water, so that the high death rate among young children in Peru or Chile or Venezuela or Kenya, or wherever it might be, might be reduced and those lives might be saved.

Is it not true that by agreeing to the amendment the Senator from Minnesota has offered, a great deal more money would thereby be available in those countries, which desperately need this kind of help? Could the Senator tell a little bit about the kinds of programs that would be possible, under the program we are discussing today?

Mr. McCARTHY. I think the Senator has really covered the whole field. These are not just loans to bail out governments and forestall inflation. There are such loans, which are made under some supervision. But these are loans to meet what are considered vital needs for these countries' development.

Mr. KENNEDY of New York. Commenting on the statement of the Senator from Oregon, I would be completely in favor of lowering interest rates for those who need that kind of help here in the United States under the terms the Senator has described so eloquently, to farmers who need disaster aid and disaster assistance; but it does not seem to me that it makes any substantial difference here in the United States, with the economy as it is, with the growth of our economy, the tremendous gains we have made economically here in the United States, to start penalizing people all over the world, just because of the fact that perhaps we have an inadequate or insufficient program here in this country. Again, to go back to the terms, in which I spoke yesterday, it does not seem to me to make any sense not to permit children to obtain an education in Latin America or Asia because we are upset about the war in Vietnam.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. MORSE. Those are the words of the Senator from New York, not mine. I am simply saying I do not think we can justify granting them the 2½-percent money the Senator from Minnesota proposes, when our own farmers in this country, for emergency disaster loans, have to pay 3 percent.

The Senator from New York says he would be perfectly willing to support less; so would I. But we ought to do that first, because if we do not, those of us who are really friends of the foreign aid program are going to find ourselves meeting so much opposition in public opinion in this country that we will be unable to do the things we ought to do in foreign aid even in connection with these humanitarian programs.

I know of no reason why the governments concerned should not understand that they ought to be required to pay at least 3 percent interest on the money. This constant giving away and giving away has not won for us friends in the countries to which we have made the giveaways. We ought to face up to that.

The 3-percent proposal that the committee has made is reasonable. It is comparable to the charges we make in our own country to people who also are suffering great hardships, and I do not think we ought to go below it.

We should have, from the Senator from Minnesota, the figure as to the amount of increase in dollars that his proposal will result in, by adding it to this bill.

Mr. McCARTHY. It would have no direct effect on the increase in dollars. As a matter of fact, in view of the action of the Senate in cutting the amount of the development loan program funds, I do not know what the Senator means by "increase in dollars."

Mr. MORSE. It means, if we get 3 percent instead of 2½ percent, we have protected the American taxpayer to the extent of the difference. More dollars will be returned in interest, if the same amount is lent.

Mr. GRUENING and Mr. McGEE addressed the Chair.

Mr. McCARTHY. I yield to the Senator from Alaska.

Mr. GRUENING. Are the Senator from Minnesota and the Senator from New York aware that the countries to which we make these loans relend the money at rates as high as 10 percent?

Mr. McCARTHY. Oh, yes, we are aware of that.

Mr. GRUENING. Is that not a pertinent fact?

Mr. McCARTHY. Yes, we know it. We have taken it into account fully.

Mr. GRUENING. Would the Senator support an amendment which would say that this money should not be relended at interest rates in an amount more than 5 percent greater than the amount we have charged? I would think that would be a desirable amendment.

If we would control that kind of gambling with our money, I think that it might encourage those who would be willing to vote for low-interest rates. Otherwise, it would be very difficult to reconcile that with the fact that we are raising the interest rate for Americans. It is very difficult now to get a loan for housing or for any other purpose. I find the dual standard is very intolerable.

Mr. McCARTHY. Mr. President, if we were to do that, in view of the increase in interest rates proposed here, I believe that the pressure would be on them to raise their rates to get money to pay back the United States. We seem to be working at cross purposes and putting great pressure on countries which I understand are operating under conditions urged upon them by our officials.

Mr. McGEE. Mr. President, the Senator from Minnesota is one of the recognized experts in the Senate on financial matters as well as on general policy.

Mr. McCARTHY. I appreciate the remarks of the Senator. Perhaps he should say one of the newly recognized experts in the Senate.

Mr. McGEE. He is not recognized enough in my judgment for his competence in these fields. However, here we are wedding the matter of policy with the matter of international finance.

I wonder whether the Senator from Minnesota would agree with me that, in many of the suggestions submitted here in the last few minutes, we are tending to penalize the economic capability and growth capacity of our whole program by focusing on the commas and the semicolons in the program itself. Are we not tending to put our cart before the horse, to borrow another cliché?

Mr. McCARTHY. I quite agree with the Senator. I think the basic purpose of the foreign aid program is to stimulate economic development and to help those in need of help.

In this case, the proposal is to put these loans on some kind of hard banking base.

Mr. McGEE. Is it not called into question whether economic development is wise or unwise? We are starting with the assumption that this is a wise way to proceed to assault some of the problems of the world economic development. It seems to me that we begin to take precedence over this basic measure, the yardstick, by the comparison of an interest

rate that would imply in the economic infrastructure of a country overseas with one which would operate in our own country, or that could have an entirely different impact overseas on capital generation. That is an entirely different question in areas like Vietnam or Burma or some of the other developing areas of the world in which they have very few capital generating institutions in their economy.

For that reason, I commend the Senator for keeping the focus on the main sections of the program, rather than on minutia. Any minutia lifted out of context and applied in our setting could be demonstrated to be unwise by our standard. But when we are accused of a double standard, those who make the accusation accuse us of applying another standard. They say that we operate in a foreign economy and the details of this foreign economy are used to compare unfavorably with standards that we take for granted in our capital enterprise system at home.

Mr. McCARTHY. The Senator is quite correct. This is really the substance of the amendment. We had to make our case with reference to the interest rate question which perhaps should not have been raised. The substance of the argument for the Alliance for Progress is the very argument made by the Senator from Wyoming.

I think that I have made the case as clearly as I can for the return of the interest rate to 2.5 percent. It would have no bearing on the balance of payments since most of the countries have an unfavorable balance as against the United States. The problem of outflow of money from the United States would be in no way affected by the interest rate.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. KENNEDY of New York. In addition to the argument made in the exchange between the Senator from Wyoming and the Senator from Minnesota, must we not also consider the fact that we are doing this in the interest of our own national security? Obviously, while we still have people in the United States who do not have adequate education, who do not have adequate housing, who do not have enough to eat, considering the various areas of poverty that we have across the country, any time we deal with foreign aid, we can argue that we should not take any of these steps until we rectify the problems in our country.

We do it because we think we have a moral responsibility, because we are far ahead of the other countries. However, we also do it because it is in the interest of the national security and the interest of the United States that there be stability in Latin America, so that we do not have any other Cubas and so that we will have some stability for the next generation of Americans, and so that we will have some stability in Africa and in the rest of Asia.

That is why we help other countries. We also want to assist these other countries. We get into an argument about the 2.5 percent interest rate, and the fact

that the farmers of the United States do not have this kind of program, that their interest rate is 3 percent. We are losing sight really of one of the major issues involved in the whole program, one which has been in the law for the last 20 years.

Mr. McCARTHY. Ever since the end of World War II, the same argument could have been made against every other program we have had. It is not a compelling argument.

There is another consideration to be taken into account. The changes in the Public Law 480 program as recommended by the administration and as approved by the House of Representatives will link the interest rates on "sales for dollars on long-term credit"—title IV sales—to the terms for development loans under the Foreign Assistance program. In effect, if we adopt a 3-percent rate, we set a precondition under which the rate with reference to these sales under the Public Law 480 program would operate.

It can be changed, of course. The disposition is to have the same interest rate apply on both types of loans. If we increase the rate to 3 percent, it could be argued that we are likely increasing the interest rate under Public Law 480 loans in the same amount. We do not have to do it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. LAUSCHE. Mr. President, I point out that in attempting to determine the mercifulness of the interest rate or its cruelty, we also have to take into consideration the tenure or the time in which the debt must be paid.

On that subject, on page 321 of the testimony, there are two tabulations, one for the year 1962 and one for the year 1963.

In 1962, the U.S. Government made loans of \$921 million, payable in 40 years or more. Britain made none. In the 30 to 40 year range, Britain made none.

In 1963, we made loans in the amount of \$998 million, payable in 40 years or more.

The point I want to make is that if we make a loan payable in 20 years, the interest rate is lower than that which we are charging. Think of how much lower it is when we have 20 years in which to pay the debt. Twenty years at 3 percent I would say is tremendously higher than 40 years at 2 percent.

I submit that, both on the rate of interest charged and on the time within which the debt has to be paid, the United States has bordered practically in the position of being a grantor or donor in all of these instances compared to what the other nations of the world have done.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCARTHY. I was not quite sure of the argument the Senator from Ohio made.

Mr. LAUSCHE. I just pointed out that we have suggested what Britain is charging.

Mr. McCARTHY. I said that they are reducing their interest.

Mr. LAUSCHE. Yes, but it has not

extended its time of payment at all. We have allowed 40 to 50 years for repayment, and our interest rate is below that of all the other countries in the world, practically, unless Britain has come up in 1965 or 1966.

I repeat: In 1963 we made \$998 million in loans, payable in 40 years or more. In 1962, \$933 million, payable in 40 years or more. The interest has been three-quarters of 1 percent for the first 10 years, with full grace on the payment of principal, and then 2½ percent for the period beyond the 10 years.

I do not believe that anyone can argue that we have not been humane and merciful. We have practically given away the money, and that is the way these recipient nations have construed our loans.

Mr. McCARTHY. I say to the Senator from Ohio that if one pays 2½ percent for 10 years, one pays the same amount. The amount paid is the same each year, whether 2½ percent a year for 20 years or 2½ percent a year for 30 years.

I do not say that we have not been humane. I believe that in most instances we have acted in the name of justice rather than in the name of charity. We have been urging the other nations to extend the period, and already the British have been extending the period. The Canadians now go to 50 years, which is 10 years longer than we go.

We are arguing in a relative area of what one nation does as compared with another.

Mr. LAUSCHE. Two and a half percent a year in 10 years, with the full amount payable at the end of 10 years, enables the lender at the end of 10 years to fix a new rate of interest.

Mr. McCARTHY. The Senator is correct.

Mr. LAUSCHE. Two and a half percent in 20 years prevents the lender from changing the rate of interest at any time until the 20 years has expired. We tie ourselves down for 50 years and say that it ought to be 2½ percent.

Mr. McCARTHY. The interest might be higher or lower at the end of the period. In the case of the British and the Canadians, the interest rate has been going down as they have renewed loans. In the case of the United States, they have not begun to mature, and the disposition would be for them to go up. I do not believe we need to pursue the interest rate in Canada. The trend has been a proper trend.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MORSE. There has been a great deal of discussion about what this money is used for, and the countries under the Alliance for Progress program have been mentioned several times.

As my colleague on the committee, the author of this amendment, knows, this matter came up under considerable discussion in committee.

I wish to take the Senate to page 496 of the hearings, at which page appears a table which I ask to have printed in the RECORD.

The being no objection, the table was ordered to be printed in the RECORD, as follows:

Breakdown of total fiscal year 1966 development loan program funds

	Amount (millions)	Percent
Basic education.....	\$3.2	(1)
Technical training in industry and agriculture.....		
Natural resources development- land reform.....	\$111.4	22
Commodity imports (nonproject).....	305.0	62
Other.....	73.5	15
Total.....	493.1	100

¹ Less than 1 percent.

² Includes loans for supervised agricultural credit; livestock, agricultural, and mining banks; access roads; fertilizer imports; and related activities.

³ Local currency counterpart also programed in many cases for education, agriculture, and other natural resources development.

Mr. MORSE. This is headed "Breakdown of Total Fiscal Year 1966 Development Loan Funds." That is what we are talking about. Basic education, \$3,200,000; less than 1 percent.

The footnote states that local currencies from nonproject loans are programed in many cases for education, agriculture, and natural resource development.

But the breakdown of proceeds from program loans to Chilli, recipient of huge program loans, shows that about 9 percent of the 1963 loan went for education, 5 percent of the 1964 loan, and 16 percent of the 1965 loan. I do not have the breakdown for the other uses, but I submit that this is a very meager allotment to education, relative to need.

Yet, the discussion would lead us to believe that a lot of this money is going into so-called human welfare causes. Well, that is not borne out by the statistics in the record itself.

Technical training in industry and agriculture none. Natural resources development-land reform—which includes such public works as farm access roads—22 percent. General commodity on nonproject loans—62 percent. Other—15 percent.

This money is not going into the so-called human resource and natural resource programs that are supposed to help increase food supply and provide for the training and education of people.

Under the amendment proposed by the Senator from Minnesota, it is proposed to give them 2½-percent money for what will amount in many instances to capital investments.

Mr. President, the record does not bear out the allegation here that this money will go into expenditures for human development. To the contrary, I see no reason why large sums of this money, for what amounts to public works programs, should be made available at 2½ percent, when I have to put up a terrific struggle every time I desire public works development in my State—not only with high interest rates, but also I have to show a cost-benefit ratio. I should be required to show it, and to pay interest at a fair rate. I am not quarreling about that.

In closing, I wish to say that I do not forget the purpose of this form of gov-

ernment, as set forth in the Preamble to the Constitution:

We, the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

That was meant to promote the welfare of this country. I am perfectly willing to be of help in promoting the welfare of other countries, when it promotes our interest to do so. But not on the basis of discrimination against our own country in the field of interest rates for capital investments, for public works programs, and where less than 1 percent goes to education.

No, I am sorry. I love the Senator from Minnesota, but I shall leave him on this one.

Mr. McCARTHY. I hope the Senator from Oregon is not called upon very soon to vote on the question of the interest rate for REA loans, which is now 2 percent, after the fight to raise interest rates in this case.

Mr. MORSE. When a particular program goes through a developing stage and I fight for its development, that does not mean I shall continue to vote for a particular part of it in perpetuity.

Mr. McCARTHY. I know that.

Mr. MORSE. I will look at the evidence.

Mr. LAUSCHE. On that score, may I point out that I have a measure pending that would lift the interest rates to REA.

Mr. McCARTHY. The Senator from Ohio, I believe, would be consistent on this matter.

Mr. GORE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

(At this point Mr. HART assumed the chair as the Presiding Officer.)

Mr. GORE. Mr. President, perhaps it would be helpful to the Senate to take an actual example of a development loan. I do not ask Senators to take a fictitious example. I do not ask Senators to take one that I have particularly selected. I ask Senators to take the example which the administration used in presenting this program to the Committee on Foreign Relations.

On page 47 of this large brochure, which is not available for general distribution because it contains certain confidential or classified information—I shall not read any classified information—I shall read from the administration presentation:

For example, AID recently made a \$40 million loan to a private electricity distribution system. The borrower will make repayments in Brazilian cruzeiros at 5.5 per cent interest for 18 years, including a three-year grace period. Brazil will repay AID in U.S. dollars, with interest at 1 per cent for ten years and two per cent for the next thirty years.

I was not quite satisfied with that brief information. I inquired the identity of the private concern that received the loan. This is not a loan of a few American dollars to a child whose health is

broken, who is poverty stricken, ill clothed and ill housed.

This is a \$40 million loan to Rio Light S.A. and São Paulo Light S.A.

What are these two concerns? When I inquired, I found that they are subsidiaries of a Canadian corporation. So this lower interest rate was made to a Canadian corporation, although in large part owned by interests in New York City, to expand its electrical plant in Rio and São Paulo. I am not saying that that is wrong, Mr. President.

I would that I could join the bleeding hearts on the floor of the Senate this afternoon about this program. My heart bleeds, too, for these worthy causes, but how come the American taxpayer is called upon under presently prevailing interest rates to pay the interest cost on U.S. bonds at approximately 4.5 percent, and then lend it to a Canadian corporation to spend in Brazil?

The distinguished senior Senator from Minnesota [Mr. McCARTHY] talked about how hard it was going to be upon the countries to repay. Let us examine this burden. Let us take this exact case. Remember that the money has been loaned to this subsidiary of the Canadian corporation. How does the administration say that this corporation is going to repay it? At 5.5 percent interest to the Government of Brazil.

I shall read again:

AID recently made a \$40 million loan to a private electricity distribution system. The borrower will make repayments in Brazilian cruzeiros at 5.5 per cent for 18 years, including a three-year grace period.

What does this mean? It means for 3 years this Canadian corporation, or the subsidiary of this Canadian corporation, will have a grace period on both interest and principal. Then, the loan will be repayable in 15 years to the Brazilian Government, in Brazilian currency, whatever inflation has done to that meanwhile, at 5½ percent.

How does 5½ percent interest compare with the rate of interest in Brazil? I had the staff of the committee inquire about this. The going rate of interest in Brazil on first rate commercial bank loans is 2 percent per month. We are not exactly being hard on this Canadian corporation to require them to pay 3 percent, although the Brazilian Government gets repaid, though it did not advance the loan in the first place—the principal in 15 years after a 3-year grace period at 5½ percent.

When does the United States get repayment, using the example the administration uses?

Brazil will repay AID in U.S. dollars with interest at 1 per cent for 10 years, and 2½ per cent for the next 30 years.

The committee thought it wise to increase this 2½ percent to 3 percent.

I thought in case of loans, such as this, at least they should pay the going rate of the cost of money to the U.S. taxpayer. The committee decided upon 3 percent. Does the Congress wish to vote on that basis to undo what the committee did and lower the rate of interest?

I would like to cite other cases, Mr. President. There are many other cases here. I became interested in the subject and, as the senior Senator from Oregon

[Mr. MORSE] pointed out, although in the public mind these development loans have the very worthy purpose of education, health, and welfare, they are actually development loans for hard purposes, worthy purposes, yes. But they are purposes which we have a right to consider here on the basis of merit and not on an emotional basis.

I have a whole sheaf of these loans that I would like to go through. Here is one in Turkey for \$2.5 million. The loan is made to Goodyear Lastikleritas. This is a corporation owned 75 percent by the Goodyear Tire & Rubber Co. I do not criticize the Goodyear Tire & Rubber Co. I am only saying that we are lending money from the Treasury of the United States, in many instances, to corporations that have vast treasuries.

Why do they not issue their own debentures and borrow their own money? Why should the American taxpayers be called upon to subsidize a development of Goodyear Tire & Rubber Co. in Turkey? I am glad to see the development in Turkey. Perhaps it is a sound investment. Why must we extend such terms to it?

I shall cite some other examples.

Here is the Valco Aluminum Co. They received a loan of \$55 million under preferential conditions. Who owns that? Valco is 100 percent owned by two U.S. corporations: Kaiser Aluminum and Chemical 90 percent, and Reynolds Metals 10 percent.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KENNEDY of New York. Does not the last loan which the Senator referred to deal with the Volta Dam?

Mr. GORE. The Senator is correct.

Mr. KENNEDY of New York. Was it not determined, first back in 1958, and again in 1961, that that kind of investment for the development of that area would be very worthy for the people living in Ghana and West Africa?

I suspect that it was also thought that it would be better to have an American company that had know-how and experience to carry out that kind of work.

Mr. GORE. Undoubtedly these determinations have been made. I am not now complaining about the rectitude of that determination.

I know that at the time it was under consideration the junior Senator from New York [Mr. KENNEDY] was in another capacity, and he, like I, opposed the making of that loan. But that is done. What I am discussing here is the interest rate.

Mr. KENNEDY of New York. I should like to inform the Senator from Tennessee that I am familiar with that loan, and that I opposed it. Looking back on it now, however, in retrospect, I was wrong. I felt then that the relationship of the United States to Mr. Nkrumah was so difficult that it was not a good investment. But I do not think that anyone questions the fact that the loan was made on the basis of some stability in that country, that the people of Ghana and the people of West Africa would greatly benefit by the construction of this dam. That was the basis of it. That was the reason the loan was made

and the guarantees were made by the United States. It was an effort to try to develop a kind of TVA in that part of the world. I think that in retrospect, looking back on it now, I was wrong in 1961 when I opposed it. What has happened to Ghana and what has happened in that part of the world has indicated clearly that the investment was worthwhile.

Could I just mention the situation in Turkey and—

Mr. GORE. I wish, first, to comment on the Senator's point. I do not wish at the moment to discuss the merits or demerits of this project or any other project. What we are discussing here is an interest rate structure. What is the proper level of interest that should be charged on these loans? The Senator has said that he opposed this loan when it was made. So did I. I think that when the ultimate story is written, both of us will have been proved to be right. However, that is beside the point. The question is: Why should the taxpayers of the United States be called upon to subsidize Valco, owned 90 percent by Kaiser Aluminum and 10 percent by Reynolds Metals?

Mr. KENNEDY of New York. If the Senator will yield, could I answer that question for the Senator?

Mr. GORE. I am happy to yield to the Senator for that purpose.

Mr. KENNEDY of New York. It is as simple as possible to answer: Because they would not do it otherwise. They could make investments in a much more attractive country. They would not make these kinds of investments unless the United States came in and helped.

When we talk about the question of interest rates, I think that the Senate begins to sound like "Scrooge." But we make the investment in projects not only for others but also for our own future interest and security.

Mr. GORE. Would the Senator make the same statement with respect to a loan to a Canadian corporation to make an investment in Brazil? I just do not know how far this bleeding heart will go—

Mr. KENNEDY of New York. It is not a question of a bleeding heart.

Mr. GORE. I will join the Senator in low-interest rate loans for education, health, welfare, highways, sewage system, water systems, but I do not know why we should have to subsidize a Canadian corporation or a great American corporation such as the Goodyear Tire & Rubber Co., Reynolds Metals, or Kaiser Aluminum. It seems to me that we are mixing impoverished children with giant corporations when they do not quite belong in the same bed.

Mr. KENNEDY of New York. The Senator said that he would be glad to help in sewage and water systems—

Mr. GORE. Yes, I would.

Mr. KENNEDY of New York. Is it not possible that in order to put in an adequate sewage or water supply system, we might need electricity?

Mr. GORE. That is possible.

Mr. KENNEDY of New York. But the development in Sao Paulo and the development in—

Mr. GORE. The two are not necessarily tied together. I would not say yes or no to that.

Mr. KENNEDY of New York. But I think that the development in Sao Paulo and the development in Rio de Janeiro are undoubtedly in connection with trying to develop the economy of those cities and construct adequate electrical plants so that the city, the community, and the surrounding area can build up so that part of the country, which is part of the undeveloped world, will expand. I think that is what we are interested in. That is, I think, a clear and simple answer to these problems.

Mr. GORE. I think the Senator might find it very interesting to inquire a little further as to what the dividends have been from the Brazilian subsidiary of the Canadian corporation. Some of the Senator's constituents in New York State have reaped a rich reward from their investments. I do not criticize them at all, but I doubt that the American taxpayer should not be called upon to subsidize further investments from which they are enriched.

Mr. McCARTHY. Mr. President, will the Senator from Tennessee yield at that point?

Mr. GORE. Not just now. I want to make a point, Mr. President.

The foreign aid program has, in large measure, come to be a subsidy for American business and American exporters, just as Public Law 480, and the Food for Peace program, is primarily to subsidize American agricultural exports.

I have instincts which I believe to be charitable. The committee studied the problem and found that many of the development loans were being made to subsidiaries of American corporations and other corporations, such as Canadian corporations, at unreasonably low interest rates, in view of our domestic situation. I wish that we could separate the two—the profit motive from the eleemosynary motive, the selfish motive from the charitable motive.

I will go with my friend from New York down the bloody path, as far as he will go, for crippled children, the impoverished, the diseased, and the ill educated. I will join the senior Senator from Wyoming in importuning the Senate from spending its time with minutia. But \$40 million is hardly minutia.

Another angle to which we should give thought is the effect upon the American economy. I read a headline this morning that there was a right sharp increase in the cost of living. Senators make declarations that 80 percent of this money is spent in the United States. Is that all to the good? Does that establish our charitable purpose beyond question or does it show the slip of exports a bit? Let us examine that. In the first instance, the money is borrowed in the United States, further tightening money and further pushing interest rates up. It is borrowed in competition with seekers of credit for other purposes, some worthy. When we spend these large sums in our economy, it further places inflationary pressures upon goods and commodities.

I am not saying this by way of opposition to the program. I said only yesterday that I expected to support it. But

it seems to me that that Members of the Senate need to consider this program on the basis of facts rather than on the basis of emotion and catch phrases.

We are talking about an interest rate for development loans. What should that interest be? Should we relate it to the cost of money to the Treasury of the United States? That cost of money has undergone a drastic increase. I expressed my views yesterday in opposition to the policies that have permitted and brought this about. But, be that as it may, the Government of the United States is forced to pay around 4.5 percent now for long-term money.

The committee has recommended that it be loaned for a grace period of 10 years at 1 percent, and thereafter at 3 percent. This still leaves the American taxpayer subsidizing a loan according to the current rate of approximately 1.5 percent.

Mr. KENNEDY of New York. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. In just one moment I will. For instance, I read another: A loan of \$5 million to the Bank of Environmental Development on the Ivory Coast. Who owns that? One of these poor impoverished institutions? No, the Chase International Investment Corp., and Lazard Freres.

Now, Mr. President, why must the taxpayer be called upon to subsidize an investment in a branch for the Chase Bank? This is not one for our impoverished children.

I yield to the Senator from New York.

Mr. KENNEDY of New York. I go back again to the speech made by George Woods, which I placed in the RECORD yesterday. I commend it to the Senator. Mr. Woods is president of the World Bank Group.

A central fact of life in the less-developed countries is the existence of increasing debt burden and debt service burden. The total external debt of the developing countries increased from \$10 billion at the end of 1955, 7 percent of their total gross national product, to over \$30 billion at the end of 1964, 15 percent of their gross national product. The annual debt service charges have risen from less than \$1 billion in 1955 to \$4 billion in 1964.

Mr. George Woods recently stated that:

These levels of debt service are dangerously high. They mean that a good part of the countries' foreign exchange resources must be devoted to servicing previous obligations rather than to new productive development.

I think, finally, I come back to the fact that if we are to have an aid program, we should have an aid program which will be effective, which can help these countries develop their economy.

In the Ivory Coast and some of the other countries they do not have large industrial complexes to perform the necessary functions, so they have to go to Canada, the United States, or Great Britain. I think it would be better if they could go on their own.

I do not think any company should make exorbitant profits from the taxpayers of this country, but until these countries develop their own resources, until their people are able to get on their own feet, we in the Western world should provide this help.

It may not be direct, but the table the Senator from Oregon [Mr. MORSE] put in the RECORD indicates that, although funds are used for industrial purposes, the counterpart funds that are thereby made available are used for educational purposes, for agricultural purposes, for the construction of roads. So the country gets the double use of these funds, instead of only the initial use of them.

A number of statements have been made about the foreign aid program. If this is not the best program, as has been suggested by the Senator from Oregon [Mr. MORSE] and other senators, then I think we should go into it, but we cannot stand still for the next 2 or 3 years until the time when recommendations can be made.

And may I say to the Senator from Tennessee [Mr. GORE], who has had much experience in his field, that the program is not without fault, but I think the Senator has visited places where it has been said that this is an attempt to subsidize our own farmers. I think the food for peace program is one which has resulted in helping tens of thousands of children. They have been able to build schools. They have been able to buy books that the children can read now. So it has been a worthwhile program.

I would be willing to support the distinguished chairman of the committee [Mr. FULBRIGHT], the Senator from Oregon [Mr. MORSE], and other Senators who have made suggestions to improve the program which would make it a satisfactory program and would be protective of the American taxpayer and the U.S. Government; but until that study is made, until there is an opportunity, in every way available, to look into the matter, I shall vote in support of the program.

Mr. GORE. Mr. President, I agree almost 100 percent with what the Senator from New York has just said. I do not have to keep reminding Senators that I have supported the foreign aid program. I expect to do so again. But I am not terribly impressed with the extent of the sentiment that has prevailed in the Senate over the development loan funds. I think the interest rates, if we are to make loans, must be related to the cost of money. We cannot relate it to the interest rates prevailing in other countries. The going rate for a commercial loan in Brazil is 2 percent a month.

One of the conditions of the Alliance for Progress is economic, monetary, fiscal, and social reforms. I supported the program. I expect to continue to support it.

I would like to see a reduction in the interest rates in those countries so that companies could build capital reserves and the sooner operate upon their own resources.

I am willing to support the development loan fund, but I think loans should be made at interest rates that are related to our own cost of money.

I do not like to advocate high interest rates. I regret our own high interest rates. I shall have something to say about it later. I expressed myself rather vigorously yesterday. However, it is nearly 6 o'clock, and I understand the chairman of the committee wishes to postpone further consideration of this matter.

Mr. FULBRIGHT. I would appreciate that very much, because, obviously, we cannot vote tonight. If the Senator will allow the Senator from Minnesota [Mr. McCARTHY] to withdraw his amendment, so that we can proceed to two or three other matters, I would appreciate it. We have not accomplished much today. We have had only one vote. We can proceed to two or three other matters without disposing of the McCarthy amendment at this time.

Mr. McCARTHY. Mr. President, in view of absence of Senators who would vote in opposition, which I consider an admission of weakness, I believe a request was made by the Senator from Oregon that further debate on this amendment be withheld until Monday.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCARTHY. For a question.

Mr. MORSE. I merely wish to state why I made the request. I deeply appreciate the cooperation that I would expect from my friend from Minnesota. He knows I would be a pretty poor private in the parliamentary ranks if I did not try to help the other privates who have gone and will not be back until Monday. I would not want them to miss a rollcall on an issue so close to their feelings on this matter. That was the reason for my request.

Mr. McCARTHY. Let me point out that only 3 percent of the loans that have been made have benefited U.S. subsidiaries; but we can discuss this in greater detail when we resume Monday.

Mr. President, I ask unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Does the Senator desire that the amendment be printed?

The Senator from Minnesota withdraws his amendment.

Mr. HICKENLOOPER. Mr. President, the Senator has the right to withdraw his amendment, but can the amendment be withdrawn so we can adjourn until Monday?

Mr. FULBRIGHT. The Senator's colleague [Mr. MILLER] has an amendment, and there are several others, on which we can act.

Mr. HICKENLOOPER. I did not catch the significance of the request.

Mr. FULBRIGHT. The Senator's colleague is part of the significance.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MILLER. Mr. President, I call up my amendment No. 655, and ask that it be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MILLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. PASTORE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the reading of the amendment (No. 655), which is as follows:

On page 20, after line 3, insert the following:

(f) Section 620 is amended by adding the following new subsection:

"(o) In the case of the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for regular budget or for peace and security operations, assistance under the provisions of this Act may nevertheless be furnished upon a determination by the President that the particular assistance to be furnished is in the national interest of the United States and transmittal by him of a report to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives setting forth the assurance given by the government concerned of paying (independently of such assistance) all of its arrearages and placing its payments of such assessments on a current basis, or an explanation of the unusual and exceptional circumstances which render it economically incapable of giving such assurance."

Mr. MILLER. Mr. President, Americans have always been a generous people. This basic characteristic has been demonstrated in the massive support of charities and nonprofit foundations and similar institutions. Long before the Marshall plan, millions of our citizens were helping less fortunate people in other lands through lend-lease and foreign missionary activities. Foreign aid, financed by the taxpayers of our country, is a natural development in keeping with our national character. Since 1945, the United States has spent more than \$116 billion in foreign aid in efforts to help the people of other nations.

This is not to say that a certain amount of self-interest has not been present in our foreign aid programs. With only a limited amount of national resources available, foreign aid must be limited—although I would venture to say that many taxpayers of this country are convinced that our policies dictate and draw on what appears to be unlimited foreign aid funds. Our limited resources compel priorities, and it would be self-defeating if priorities were not measured according to factors other than need. Limitations on resources for foreign aid require a choice of countries to which aid is to be extended; and, as between those countries to which aid can be extended, a choice often must be made regarding relative amounts and types of aid. Assuming an equal need as between India and Red China, it would be unreasonable to ask the taxpayers of this country to pay for foreign aid to Red China, whose national policy is hostile to ours, instead of to India, whose national policy is genuinely neutral and, in many respects, consistent with ours.

The United States is not self-sufficient. This being so, if there is competition

with the Soviet Union, for example, in winning the good will and trade of a country from which certain strategic materials are required, it would be expected that the United States, as a matter of self-interest, would seek to compete.

In the last few years, we have evolved an increasingly stronger policy of requiring self-help and internal reform on the part of those nations receiving assistance from our taxpayers. This has made its most dramatic appearance in the program and administration of the Alliance for Progress, although there are indications that even this may be faltering because of a lack of consistency. It is generally recognized that with the population explosion, our foreign aid can at best prove to be only a stopgap between the present and the future, when the developing nations must be able to provide most if not all of their own requirements.

Additionally, the passage of the Trade Expansion Act of 1962 emphasized the need of not only the United States but of the nations of the world to increase foreign trade. Developing nations cannot become good customers for United States exports unless their economies are greatly improved. And so our long-term foreign aid objectives include improved export trade with these countries which are now receiving our assistance.

It was found during the earlier years of our foreign aid programs that grant aid was not bringing about the necessary initiative, reform, and self-pride desired on the part of the recipient nations. Accordingly, the emphasis in our foreign aid programs has moved from grant-aid to long-term development loan assistance. This has not only had greater acceptance on the part of the people who are paying the bill—the American taxpayers—but it has resulted in improved administration of the assistance on the part of the recipient governments.

In my opinion, there is still a fundamental defect in our foreign aid policy. It has to do with the United Nations. Our national policy has long been to support the United Nations and, particularly the charter and its principles. Unfortunately, the United Nations is in serious danger of bankruptcy. Its financial condition is so severely strained that it can scarcely pay for the relatively modest cost of a peacekeeping force on Cyprus.

The reason for this deplorable situation is that a majority of the members of the United Nations are delinquent in paying their dues and assessments. As of February 8 of this year, delinquencies totaled close to \$155 million—\$29.4 million in the regular account, \$43.6 million in the emergency force account, and \$81.6 million in the Congo force account. As of that date, 109 members of the 116-member world organization were delinquent, in one form or another. And there is an increasing number of these nations which are more than 2 years in arrears and which are, therefore, subject to the loss of voting rights under article 19 of the charter—31 countries in all. Of the 31, 20 received aid from us during fiscal year 1965.

During fiscal year 1965, 93 members of the United Nations received foreign aid from the United States—and 89 of these were behind in payments as of February 8, 1966.

The focus of my amendment is the 46 countries which received more than \$1.7 billion in foreign aid from the United States in fiscal year 1965. This amendment calls for cutting off U.S. aid to nations over 1 year in arrears in their assessments to the United Nations. These 46 owe close to \$43 million in back assessments with \$40.3 million due from 1964 and prior years.

If, indeed, we are as strongly in support of the United Nations as we say we are, it would seem consistent to tie in a requirement to our foreign aid programs that recipient nations keep current in their payment of dues and assessments to the United Nations. The scale of dues and assessments has been set by a U.N. committee on the basis of relative ability to pay; and so there is little room for complaint on the part of the delinquents that their dues and assessments have been unfairly determined. Such a requirement as I have advocated could be coupled with a provision giving the President discretion to waive the requirement in those limited cases where special circumstances warrant it. As matters now stand, those nations receiving our foreign aid and paying their dues and assessments are treated the same as those who are delinquent.

Added to the \$155 million in delinquent assessments should be nearly \$40 million owed on a headquarters loan, an estimated \$1.3 million owed on the Old League of Nations Building in Geneva, and an estimated \$140 million owed on bonds. This amounts to more than \$336 million—a condition which amply demonstrates that the United Nations is in danger of being emasculated by the very nations which are insisting on the "one nation, one vote" principle.

These nations, which are so insistent that their vote should weigh as heavily as that of the larger nations, are giving only lipservice to the United Nations concept.

It would seem to me that these nations should face up to the realities of the financial situation and that they do not deserve to receive our aid and do not have the right to vote, if they fail to pay their just and fair share of the costs of operations.

There is much being said, in the newspapers, of the new "hard look" being taken by the United States at the financing of the United Nations.

It is reported that the United States is considering withholding certain financial support if the derelict nations do not pay their share.

The latest on this was in the form of a speech in Atlanta on April 2 by Joseph J. Sisco, Assistant Secretary of State for International Organizations.

In the course of his speech, Mr. Sisco quoted a memorandum sent to the Secretary of State on March 15 by President Johnson. In this memorandum, Mr. Johnson declared that "if we are to be a constructive influence in helping to strengthen the international agencies so

that they can meet essential new needs, we must apply to them the same rigorous standards of program performance and budget review that we do to our own Federal programs."

Mr. Sisco also declared that "we are convinced that more of the needs can be met by assuring that the United Nations and its family of agencies are operating at maximum efficiency, that sound and systematic budgetary procedures are followed."

This all sounds nice. It looks well when the United States warns that it will take a "hard look" at the financing if nations do not pay up.

Yet I would suggest that this is a repeat of an old record—a record of the United States alternating between a hard and a soft line, between firmness and giving in, between threats and pulling back. If one is to examine this record in detail, it is likely that the administration will not apply hard action to its tough words. Therefore, it is up to the Congress to assert itself and in doing so, save the United Nations from itself.

The history of the hard and soft lines only serves to confuse the member nations, and, because of this, only creates in their minds a conviction that the United States will not follow through; that they do not have to pay their fair share of the assessments.

Let us look at that record of statements by the United States.

On March 31, 1964, Charles W. Yost, Deputy U.S. Representative to the U.N., said:

Of course, if they (the Soviet Union) are more than two years behind in their payments to the United Nations when the next Assembly opens, they will automatically lose their vote under Article 19. That is not something that the United States or the United Nations itself decides. It is up to the Soviet Union.

Secretary Rusk, in a letter dated August 17, 1964, to the chairman of this committee said:

Reference is made to your request for a report regarding Senate Concurrent Resolution 93 with respect to the enforcement of the provisions of Article 19 of the United Nations Charter . . . The United States supports the vigorous and impartial application of Article 19 . . . I consider it useful for the Congress now to take the additional step proposed in the concurrent resolution . . . The resolution would serve as a clear indication of the united support of the Congress and the American people for the vigorous and impartial application of the Charter, and would demonstrate our determination that the obligations of the Charter shall be given effect.

A U.S. Government memorandum, dated October 8, 1964, and delivered to Secretary General U Thant for circulation in the General Assembly said:

The consequences of not applying Article 19 would thus be far worse than any conjectured consequences of applying it . . . Could the United States agree that Article 19, despite its plain terms, should not be applied against a great power in support of General Assembly assessments, simply because it is a great power? The United States does not see how, without violating the Charter, anyone could or should agree to any of these propositions.

On January 26, 1965, the late Adlai Stevenson, our U.N. ambassador, declared:

We cannot have two rules for paying assessments for the expenses of the organization—one rule for most of the members, and another for a few. If the Assembly should ignore the Charter with respect to some of its members, it will be in no position to enforce the Charter impartially as to the others, with all the consequences which will follow with respect to the mandatory or voluntary character of assessments.

Those are examples of the hard line—a hard line which should have been followed and adhered to.

Let us look further at the record:

On February 10, 1965, Ambassador Stevenson said:

The United States has not been inflexible. While we believe the constitutional integrity of the Charter must be preserved, and with it the principle of the General Assembly's power to tax and its residual authority to recommend peace-keeping operations where the Security Council is paralyzed by a veto, we have not insisted that the delinquents adopt our legal interpretation. We have not insisted that they pay up; we have long since agreed to a "voluntary contribution" sufficient to satisfy Article 19, without prejudice to anyone's legal position. We have indeed suggested that we too would make a voluntary contribution to help the organization restore its financial stability.

On March 12, 1965, Ambassador Stevenson said:

It was not the U.S. which decided that there should be no confrontation—no showdown—on Article 19. It was the Assembly which decided that there should be no voting and that it should transact only such business as could be transacted without objection, while negotiations proceeded in search of a solution.

At this point, this was the tip-off that the United States was ready to back down, despite its tough words, its belief in the Charter of the United Nations.

On April 22, 1965, Ambassador Yost said:

Let me be clear on this point. We would prefer to have full collective financial responsibility applied to all member states and we believe the principle of full collective financial responsibility should continue to be the presumptive one for United Nations peacekeeping operations. But if others feel a modification of this sort is necessary for the preservation of the basic principle of collective financial responsibility for United Nations peacekeeping, we would be willing to consider it.

On April 29, 1965, Ambassador Yost said:

I would therefore venture to suggest that far from adding further paragraphs on Article 19 to the draft resolution before us, the best course would be to delete the reference to Article 19 in operative paragraph 1 of the draft resolution.

On July 16, 1965, Ambassador Francis T. P. Plimpton, deputy U.S. Representative to the United Nations, remarked:

The deadlock must be broken and it can be broken. It must be broken by a compromise, for the UN is too important for the peace and the future of the world to be shackled by insolvency and dissension.

On July 17, 1965, President Johnson said:

Well, that is a matter (financial condition of UN) that deeply concerns us. We don't want to see the UN wrecked on account of a dollar. At the same time, we recognize the responsibilities of the member nations and there are differences of opinion there . . . we have great hopes for the UN and we think it would be tragic if because of a relatively minor amount of money compared to the total budgets of the various nations, the UN should become less effective because of that.

On July 28, 1965, Ambassador Arthur J. Goldberg said:

I cannot give you any formulae as to how this crisis can be resolved. I can only tell you that I regard this to be my first responsibility as United States Representative here.

This brings us up to the crucial vote last fall on abiding by article 19. On August 16, 1965, Ambassador Goldberg said:

I do not intend to review here in detail the position which the United States has taken with respect to Articles 17 and 19 of the Charter. As the members of this committee are well aware, we believe in the soundness of the following straightforward principles: first, that the concept of collective financial responsibility adopted by the United Nations in 1945 is a sound principle and a landmark in the practice of international organizations; second, that Article 17 of the Charter of the United Nations is impeccably clear on the right of the General Assembly to assess and apportion among its members the "expenses of the Organization"; third, that the costs of peacekeeping operations, once they are assessed and apportioned by the General Assembly, are expenses of the Organization within the meaning of Article 17—a proposition confirmed by the International Court of Justice and accepted by the General Assembly by an overwhelming vote; fourth, that Article 19 is clear beyond question about the sanction to be applied in the case of two-year delinquents.

Our views on these matters have not represented a bargaining position, nor have they changed. They have not been based on narrow national interest, but on the clear language of the Charter and what seemed to us to be the clear interests of the Organization . . .

We regret exceedingly that the intransigence of a few of the Member States, and their unwillingness to abide by the rule of law, has led the Organization into this state of affairs.

This was the prelude to our capitulation. For Mr. Goldberg then said:

Therefore, without prejudice to the position that Article 19 is applicable, the United States recognizes, as it simply must, that the General Assembly is not prepared to apply Article 19 in the present situation and that the consensus of the membership is that the Assembly should proceed normally. We will not seek to frustrate that consensus, since it is not in the world interest to have the work of the General Assembly immobilized in these troubled days.

So with these remarks, the tough policy went out the door.

And what do we have now? A world organization with a great potential for bringing peace to the world, but one which, because of the intransigence of France and the Soviet Union refuses to act on the problem of aggression in South Vietnam and is in such critical financial condition that it could not set up a peacekeeping force there if it was so inclined.

This is why the Congress of the United States should take action which will—within its capability—encourage the delinquent nations of the U.N. to fulfill their responsibilities to keep their payments current. Our foreign aid program offers such an opportunity. Under this program, we seek to assist other nations to engage in many self-help activities, including land reform and tax reform. There is no reason why we should not seek to encourage these nations to participate in international organizations designed to help the world become more peaceful—because unless the world is at peace, these nations will never be able to realize their potentials. There is no reason why our foreign aid program should not be so administered as to point these nations in the direction of supporting such international organizations. And so, I believe, my amendment is quite proper under the circumstances.

My amendment would permit exten-

sion of foreign aid to those nations which are more than 1 year behind in the payment of their dues and assessments to the United Nations. However, such action would require a determination by the President that it is in the national interest of the United States to extend the particular assistance involved; and he would have to transmit a report to the two committees of the Congress having jurisdiction over foreign relations setting forth the assurance given by the government concerned of paying—independently of such foreign aid—all of its arrearages or an explanation of the exceptional circumstances which render it incapable of giving such assurance. I might point out that these circumstances would have to be very exceptional, because the scale of assessments and dues has been established by a committee of the U.N. on the basis of each nation's ability; and they therefore reflect the economic problems facing such nations.

These 46 nations owed close to 43 million, according to the most recent report of the Comptroller of the United Nations, and if this amount were paid, it would go a long way to helping restore the financial security of the U.N.

In conclusion, I believe that the least we ought to do for the people who are paying the bill for this program through their taxes is to provide them with assurance that foreign aid going to these 46 nations has been determined by the President to be in our national interest; and that they, the taxpayers, should receive assurances that each country will pay up its delinquencies or have a satisfactory explanation of its failure to do so.

I ask unanimous consent that four tables be printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Countries affected by Miller amendment¹

Country	Total U.N. arrearages	U.N. arrearages, calendar year 1964 and prior	U.S. aid, fiscal year 1965	Total U.S. aid	Country	Total U.N. arrearages	U.N. arrearages, calendar year 1964 and prior	U.S. aid, fiscal year 1965	Total U.S. aid
			Millions	Millions				Millions	Millions
Afghanistan	\$77,115	\$74,747	\$33.5	\$308.8	Mexico	\$1,393,330	\$1,354,965	\$200.9	\$1,121.7
Argentina	917,199	873,623	14.3	722.8	Nepal	7,391	5,496	12.1	85.9
Bolivia	129,754	93,980	15.9	430.3	Nicaragua	85,345	48,754	23.9	110.8
Brazil	1,510,679	662,761	289.3	2,819.1	Panama	45,989	44,094	20.6	155.7
Burundi	121,899	84,286	1.1	7.1	Paraguay	129,853	87,355	11.0	90.5
Central African Republic	10,740	8,845	.7	2.8	Peru	162,826	158,564	45.0	627.0
Chad	57,934	20,311	2.1	4.1	Poland	4,393,562	4,082,873	6.8	550.9
Chile	366,633	353,845	143.0	1,129.9	Portugal	201,673	201,673	5.7	514.6
China	10,934,448	10,733,146	174.2	4,804.5	Rwanda	18,175	16,280	.2	1.5
Colombia	273,158	67,924	44.4	722.1	Saudi Arabia	138,126	134,811	4.2	138.8
Costa Rica	24,194	25,765	15.6	136.8	Senegal	117,263	79,699	1.6	19.1
Dahomey	9,798	7,903	1.1	8.7	Somalia	25,062	23,167	7.8	47.5
Dominican Republic	153,523	116,684	90.8	205.7	Spain	2,009,932	1,975,356	109.0	1,931.2
Ecuador	83,087	36,333	33.0	247.9	Sudan	200,995	143,625	7.6	89.0
El Salvador	23,913	22,018	19.6	99.9	Syria	115,448	68,433	1.2	83.1
France	17,031,152	17,031,152	19.2	9,428.5	Togo	37,924	36,029	1.4	9.9
Guatemala	51,622	49,727	14.2	204.3	Uganda	18,175	16,280	2.5	17.4
Guinea	25,774	23,879	21.7	69.1	United Arab Republic	586,295	374,313	152.9	1,096.0
Haiti	130,435	93,986	2.3	102.9	Upper Volta	91,978	54,365	1.0	5.7
Honduras	23,794	21,899	4.6	73.3	Uruguay	329,517	240,446	1.3	122.3
Iraq	257,601	184,179	9.6	112.8	Yemen	164,743	127,130	4.8	39.4
Jordan	41,725	39,830	44.9	509.0	Yugoslavia	333,269	333,269	102.1	2,687.6
Lebanon	34,321	31,953	.8	88.3					
Mali	24,259	24,259	2.5	16.1	Total (46)	42,921,628	40,290,012	1,722.0	31,800.4

¹ The amendment provides that U.S. assistance be withheld from any nation over 1 year delinquent in United Nations dues.

Source: U.N. Secretariat reports; State Department.

United Nations regular budget (as of Feb. 8, 1966), uncollected dues

Country	Calendar years			Total	Country	Calendar years			Total
	1963	1964	1965			1963	1964	1965	
Bolivia		\$22,711	\$33,879	\$56,590	Paraguay	\$4,885	\$32,934	\$35,718	\$73,537
Brazil		248,031	847,918	1,095,949	Senegal	9,990	41,166	35,669	86,825
Burundi	\$35,100	32,906	35,718	103,724	Sudan		57,632	53,529	111,161
Chad		3,980	35,718	39,698	Syria		8,233	44,647	52,880
Colombia		67,924	205,234	273,158	United Arab Republic		5,429	201,078	206,507
Dominican Republic	4,311	40,441	34,944	79,696	Upper Volta		25,753	35,718	61,471
Ecuador		28,550	44,386	72,936	Uruguay	16,411	85,653	84,335	186,399
Haiti	8,108	31,770	34,554	74,432	Yemen	10,764	32,934	35,718	79,416
Iraq		72,344	69,633	141,977					
Nicaragua		11,221	35,563	46,784	Total	89,569	749,612	1,903,959	2,843,140

Source: U.N. Secretariat reports; State Department.

United Nations Congo account¹ (as of Feb. 8, 1966), uncollected dues

[Calendar years]

Country	1964	1963	1962	1961	1960	Total	Country	1964	1963	1962	1961	1960	Total
Afghanistan	\$4,186	\$8,238	\$7,949	\$11,887	\$5,344	\$37,604	Nepal	\$3,240					\$3,240
Argentina	4,529					4,529	Nicaragua	3,349	\$6,589	\$6,366	\$7,925	\$9,686	\$33,915
Bolivia	3,349	6,589	6,366	7,925	10,604	34,833	Panama	3,349	6,589	6,366	7,925	9,686	\$33,915
Brazil	86,235	169,679	158,816			414,730	Paraguay	3,349	6,589	6,366	7,925		24,229
Burundi	3,349	6,589	533			10,471	Peru	8,372	16,474	15,907	21,793	26,638	89,184
Central African Republic	3,349	3,240				6,589	Poland	191,369	421,726	510,845	678,553	663,517	2,446,010
Chad	3,349	6,483				9,832	Portugal	13,396	26,358	25,431	39,624	96,864	201,673
Chile	21,769	42,831	41,372	53,492	65,383	224,847	Rwanda	3,349	6,589	533			10,471
China	382,617	752,846	1,823,774	2,481,426	548,856	5,989,519	Saudi Arabia	5,860	11,532	11,149	11,887	29,059	69,487
Costa Rica	3,349	6,589	3,977			13,915	Senegal	4,186	8,238	7,994			20,418
Dahomey	3,349	3,645				6,994	Somalia	3,349	6,589	6,396	1,111		17,445
Dominican Republic	4,186	8,238	7,958	9,905	24,216	54,503	Spain	72,002	141,674	136,816	184,250	450,417	985,159
Ecuador	4,120					4,120	Sudan	5,860					5,860
El Salvador	3,349	6,589	6,358			16,296	Syria	4,186	8,238	7,955			20,379
France	888,069	1,957,068	4,746,601	6,389,772	3,099,652	17,031,152	Togo	3,349	6,589	6,396	7,925	1,065	25,324
Guatemala	4,186	8,238	7,958	9,905	7,922	38,209	Uganda	3,349	6,589	533			10,471
Guinea	3,349	6,589				9,938	United Arab Republic	20,931	27,456				48,387
Haiti	3,349	6,589	6,366	7,925	9,687	33,916	Upper Volta	3,349	6,589	4,207			14,145
Honduras	3,349	6,589	6,239			16,177	Uruguay	9,209	18,121	17,499	23,774	29,059	97,662
Iraq	7,535	14,827				22,362	Yemen	3,349	6,589	6,366	7,925	19,373	43,602
Lebanon	4,186	7,922				12,108	Yugoslavia	31,816	62,600	60,505	69,341	109,007	333,269
Mali	3,349	6,589	6,396	7,925		24,259	Total	1,910,981	3,953,108	7,786,094	10,132,859	5,559,891	29,353,341
Mexico	61,956	121,906	117,801	140,664	343,866	786,193							

¹ No assessments since 1964.

Source: U.N. Secretariat reports; State Department.

United Nations Emergency Force (as of Feb. 8, 1966), uncollected dues

[Calendar years]

Country	Total, all years (as of Feb. 8, 1966)	1964	1963	1962	1961	1960	1959	1958	1957
Afghanistan	\$39,511	\$4,333	\$2,821	\$907	\$5,584	\$5,926	\$9,092	\$8,480	
Argentina	912,670	87,518	56,974	18,442	103,291	109,594	168,180	285,000	\$40,095
Bolivia	38,331	3,466	2,256	735	7,484	3,939	6,056	12,500	
Burundi	7,704	3,466	2,256	87					
Central African Republic	4,151	2,256							
Chad	8,394	3,466	2,256	777					
Chile	141,786	22,529	14,667	4,765	25,125	26,643	35,269		
China	4,944,929	395,997	257,793	217,133	466,207	989,797	759,161	1,252,500	405,049
Costa Rica	10,279	3,466	2,256	735	3,722	1,671			
Dahomey	2,804	909							
Dominican Republic	19,324	4,333	2,821	919	9,356				
Ecuador	6,031	3,663							
El Salvador	7,617	3,466	2,256						
Guatemala	13,413	4,333	2,821	919	3,445				
Guinea	15,836	3,466	2,256	735	7,484				
Haiti	22,087	3,466	2,256	735	3,722				
Honduras	7,617	3,466	2,256			3,951	6,062		
Iraq	93,262	7,798	5,077	1,654	16,840	8,854	13,623	30,000	5,627
Jordan	41,725	3,466	2,256	735	7,484	3,951	6,062	10,000	5,876
Lebanon	22,213	4,333	2,821	919	4,653	4,938	2,181		
Mexico	607,137	64,121	41,744	13,729	132,849	70,158	107,564	138,707	
Nepal	4,151	2,256							
Nicaragua	4,646	3,466	152						
Panama	12,074	3,466	2,256	735	3,722				
Paraguay	32,087	3,466	2,256	735	3,722				
Peru	73,642	8,665	5,641	1,826	20,582	10,817	16,649	5,200	
Poland	1,927,562	226,453	121,406	60,854	256,343	135,134	207,514	380,000	229,159
Rwanda	7,704	3,466	2,256	87					
Saudi Arabia	68,639	6,066	3,949	1,297	11,227	5,915	9,087	17,500	10,283
Senegal	10,020	4,333	2,821	971					
Somalia	7,617	3,466	2,256						
Spain	1,024,773	74,521	48,512	15,720	174,013	91,643	140,826	277,500	167,462
Sudan	83,974	6,066	3,949	1,927	11,227	5,868	9,067	27,500	16,159
Syria	42,189	4,333	2,821	915				20,000	11,752
Togo	12,600	3,466	2,256	777	3,762	444			
Uganda	7,704	3,466	2,256	87					
United Arab Republic	331,401	21,663	14,102	4,574	59,876	31,477	48,432	87,500	52,893
Upper Volta	16,362	3,466	2,256	777	7,524				
Uruguay	45,456	9,532	6,205	2,010	11,167	11,806			
Yemen	41,725	3,466	2,256	735	7,484	3,951	6,062	10,000	5,876
Total	10,720,957	1,028,399	635,449	357,223	1,367,895	1,530,872	1,556,939	2,572,387	950,221

Source: U.N. Secretariat reports; State Department.

Mr. MILLER. The first is a table showing the 46 countries which would be affected by my amendment. It details total United Nations arrearages, the arrearages for 1964 and prior years, the total foreign aid they received from the United States in fiscal year 1965 and the total U.S. foreign aid since inception.

The second table is a breakdown by country and year of the uncollected dues for the regular budget of the United Nations. The third shows the same information for the Congo account and the fourth, for the Emergency Force account.

For the RECORD, I would like to summarize the data:

First. Under the regular budget account, 18 nations have not paid 1964 dues totaling \$749,612; 7 have not paid 1963 dues totaling \$89,569.

Second. Under the Congo account, 44 nations have not paid 1964 assessments totaling \$1,910,981, 40 have not paid 1963 assessments totaling \$3,953,108, 33 have not paid 1962 assessments totaling \$7,786,094, 23 have not paid 1961 assessments totaling \$10,132,859, and 20 have not paid 1960 assessments totaling \$5,559,891.

Third. Under the Emergency Force account, 40 have not paid 1964 assessments totaling \$1,028,399, 36 have not paid 1963 assessments totaling \$635,449, 32 have not paid 1962 assessments totaling \$337,223, 26 have not paid 1961 assessments totaling \$1,367,895, 22 have not paid 1960 assessments totaling \$1,530,872, 18 have not paid 1959 assessments totaling \$1,556,939, 16 have not paid 1958 assessments totaling \$2,572,387, and 11 have not paid 1957 assessments totaling \$950,221.

In summary, Mr. President, the amendment is very brief. It applies, in

the present state of affairs, to some 46 nations. In the case of those nations, it would require merely a determination by the President that the foreign aid is in the national interest, and a report, to the two committees of Congress having jurisdiction over foreign relations, of the assurances that those nations have given of placing their payments on a current basis, or an explanation of the exceptional or unusual circumstances which render them incapable of doing so.

I think it is a helpful amendment. I believe it is germane and relevant, and I hope that the distinguished chairman of the Foreign Relations Committee will give it his best consideration.

Mr. FULBRIGHT. Mr. President, I have always opposed this kind of amendment in the past because it seeks to achieve an ulterior purpose by utilizing the aid program.

The Senator discussed his amendment with me, and made a very good case relative to the unusual increase in the number of delinquents in the United Nations. According to the information he gave me, 20 of the 31 delinquent countries receive aid.

I cannot assure the Senator that I can hold his proposal in conference, but I think it is of sufficient importance that it is worthwhile taking it to conference.

I am very disturbed that so many of these countries, which obviously are friends of ours, and are receiving aid, are unwilling to pay, not special assessments, but the regular assessments of United Nations dues. There is a difference of opinion of considerable consequence with regard to such special assessments as those growing out of the Congo; but there certainly is not any dispute as to the regular dues owed to the United Nations. I cannot understand why some of the peoples who have benefited to such great extent under the aid program are unwilling to pay the ordinary dues they owe the United Nations.

I am willing to take the proposal to conference for whatever it is worth, although to do so will violate my usual rule in this regard.

Mr. PASTORE. Mr. President, I want the RECORD to show I am opposed to this amendment. The amendment actually makes the foreign aid program a collection agency for the United Nations, and I think it is bad.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa (putting the question).

The amendment was agreed to.

AMENDMENT NO. 675

Mr. COOPER. Mr. President, I call up my amendment No. 675, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 10, strike out lines 11 through 17, and insert in lieu thereof the following:

"(1) Strike out in the first sentence the words beginning with '1963, 1965, and 1966,' through the words 'year 1966' and substitute '1967 and 1968, not to exceed \$543,000,000 which sums are authorized to remain avail-

able until expended and, except for not to exceed \$87,700,000'."

On page 10, strike out lines 19 through 21, and insert in lieu thereof the following:

"(3) In the final sentence, strike out 'June 30, 1965 and June 30, 1966,' and substitute 'June 30, 1967, and June 30, 1968,'"

Mr. COOPER. Mr. President, I know that many Senators are eager to leave town, and some have reservations, so I shall not be very long.

I think my amendment can be very easily understood, as it goes only to the Alliance for Progress programs of development assistance. It would provide a 2-year authorization for the program for Alliance for Progress nations, at the same level of authorization for funds as reported by the committee for a 1-year authorization. It would make no other changes.

As Senators know, the original authorization made by Congress for development loans ran from 5 years from 1961, and in 1962, a 4-year program was fixed for specific Alliance programs. That authorization expires this year, and my amendment would limit the new authority to 2 years for the programs of the Alliance for Progress under this act.

The Committee on Foreign Relations reported a bill containing an authorization for 1 year. Two days ago the Senate rejected amendments, one offered by the distinguished Senator from Wyoming [Mr. McGEE] and one offered by the distinguished Senator from Ohio [Mr. LAUSCHE], providing for a 2-year authorization. The one offered by the Senator from Wyoming applied to all countries; the one offered by the Senator from Ohio applied to specific countries and specific programs.

I believe that even if we accept the assumption which prevailed against a general authorization of 2 years, it does not apply in this particular case and to the program of the Alliance for Progress.

The original Latin America Development Act, which was enacted in 1960 as the Inter-American social and economic cooperation program in the administration of President Eisenhower, contained the following statement:

Section 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation.

So I make the first point, which was so well stated in that act, that our relationships "are unique and are of special significance." I believe that a 2-year authorization should be provided for the Alliance for progress. But in the debate over a more general authorization of 2 years, certain arguments were made which, as I have said, I do not think are applicable to the Alliance.

First, there was questioning as to whether substantial progress has been made in many countries to which the United States furnishes aid. But in the report of the committee, page 15, third paragraph, the committee makes this statement:

The fact that the Alliance for Progress is the only major non-UN aid program which the committee did not cut demonstrates the

committee's support for the program. Although the results over the last five years have not been as dramatic as we and our Latin-American partners would have liked, there has been considerable progress and the committee believes that the results justify authorization of the full amount of the budget request.

I shall not take the time of the Senate to invite attention to all the facts that show progress. They are provided by the committee report. But I should say that a careful reading of parts of the committee report dealing with fiscal reform, social reform, agricultural improvement, and industrial growth indicates that the report of the Committee on Foreign Relations is correct, and that substantial progress has been made.

Second, the committee has argued for a multilateral approach. So far as concerns the Alliance for Progress, this is a multinational program, and it is a hemispheric program. The countries of Latin America have joined together with the United States to work toward more rapid development and to bring advances in their economies and living conditions.

Third, the committee itself has written into the bill stricter controls and requirements on the countries of Latin America which are receiving aid under the alliance. It is provided that the Inter-American Committee for the Alliance for Progress, called in Latin America CIAP, must approve every national economic program before development loans can be made to a country. Additionally, new criteria for making loans are written into the law.

So the committee itself has recognized these special features. The report also shows that in the last 5 years there has been a growing and large private investment in Latin America; further, it shows that savings in Latin America have been increased markedly, and we know that savings are the basis for the investment of the Latin American people themselves.

Other countries have, I believe because of the progress in Latin America, also joined to make loans available to Latin America. Not only international organizations, and the United Nations, but also European countries, are now making available to Latin America their own loans, and their trade is growing at a good rate.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. LAUSCHE. Would the amendment of the Senator from Kentucky give a 2-year life to the program of the Alliance for Progress?

Mr. COOPER. The Senator is correct.

Mr. LAUSCHE. Is it a fact that, under the last law, the program had a 4-year life?

Mr. COOPER. The Senator is correct.

Mr. LAUSCHE. So, the Senator from Kentucky accepts the reduction of the life of the Alliance for Progress from a 4-year life to a 2-year life?

Mr. COOPER. The Senator is correct.

Mr. LAUSCHE. The bill provides 1 year.

Mr. COOPER. The Senator is correct, and my amendment would simply extend the authorization in the committee bill to 2 years at the same annual level.

Mr. LAUSCHE. I will support the amendment.

Mr. COOPER. Mr. President, I thank the Senator from Ohio very much.

Mr. President, I have pointed out the evidence of the progress that has been made, and I believe that this progress has been made because the Latin American countries have proceeded on the basis that they are joined hemispherically and should proceed toward economic and agricultural and social growth.

It is evident from reading the statements made by the three Presidents who have supported the Alliance for Progress, and from the treaties that have been entered into by the United States, that it is looked upon as a long-term program.

President Johnson spoke of the progress that could be made in a decade. Now, if the United States plans for a 1-year authorization, I think that these countries would question the intention of the United States to continue its assistance over that decade. Such a limited period of authorization could also bring about a reduction of the efforts they are making in their own self help, and that is one of the important purposes we have and which has been stated in the debate in the Senate.

I recall to the Senate these well-known facts. It was in 1960, in the administration of President Eisenhower, that the act to which I have just referred, and from which I read a section, was passed by Congress. Later in that year, under the administration of President Eisenhower, \$500 million was authorized for this program. Then, when President Kennedy came into office, in a speech to the Latin American diplomats in the White House, he spelled out these programs in greater detail and gave the idea of the alliance a further meaning.

President Kennedy said that he was proposing a vast cooperative effort unparalleled in magnitude and nobility of purpose to satisfy the basic needs of the American people for homes, work, land, health, and school. The Senate and the Congress supported this concept and the program.

The Congress had authorized \$500 million to start these programs in 1960. In 1961 and 1962, authority and appropriations were made for long-term programs, including the Alliance. On November 26, 1963, 4 days after the tragic death of President Kennedy, President Johnson gathered the Latin American leaders in the White House and said:

I have come to reaffirm the Alliance and to pledge all energies of my government to our common goals.

Congress itself by its various acts has given, I think, its approval of this long-term program. As a result, the Latin American States have gathered in various conferences, at Bogotá and Punta del Este, among others, and have worked out the details of this great program.

We do have political and strategic connections with Latin America, and with all the difficulties, they have been faithful in their support of most policies of the United States. Beyond that, the two great revolutions of the world, after the French Revolution, were in our hemisphere, and this country was the first to

recognize those two independent countries and to give them help and encouragement as they became independent.

We started this latest effort in 1960, and it has made progress. As the committee says, I think it has been a good effort; I think it would be in keeping with all our purposes to give this recognition of confidence in the progress that our Latin American neighbors are making. I think also it would show some nobility of purpose if we would give this small indication—and it is a small indication, a 2-year authorization—to sustain, encourage, and continue this great program of the Alliance for Progress.

I hope very much that the Senate will agree to the amendment.

Mr. MORSE. Mr. President, I appeal to the Senate not to vote on this amendment tonight. It is a basic amendment, and, in my judgment, it should not be agreed to.

The Senate needs adequate time for a full consideration of the amendment, and that time is not available tonight.

Let us face it. The Senate, I respectfully submit, has had a long, hard day. I shall not comment upon the situation for anyone else, but if I were asked to characterize the Senate at the present time, I would have to include in the characterization the word "fatigue." I do not think that tired men should consider an amendment as important as this one.

We have already rejected an amendment of a 2-year authorization. I think it is very difficult to explain to those other countries why we should select certain countries for 1 year and other countries for 2 years.

On the merits, I would be opposed to the amendment. I would like to have adequate time to discuss the provisions, because as chairman of the Subcommittee on Latin American Affairs, I want to urge the defeat of this amendment.

If we want to help our Latin American friends in Latin America, we will not do it with this amendment.

One year is a great help to democratic countries in Latin America, and a 2-year or 3- or 4- or 5-year authorization is a bonanza for the juntas, the dictators, and the other countries that would like to get commitments tied up for as long a time as possible, and the progressive, democratic countries have nothing to fear from a 1-year authorization.

They make a good case. I believe we would make a great mistake if we tried at this late hour to go into the details of the implications of the proposed amendment.

Furthermore, I happen to know that quite a number of Senators have a quasi-senatorial function to perform at an early hour tonight. I shall forego it, if I am forced to, but I should like to be there again in my official capacity. A very important dinner is being held for the President-elect of Bolivia, and Bolivia is one of the most important of the Latin American countries. Although I am sure they would understand my absence, I should like to be there.

I suggest that the Senator from Kentucky either leave this amendment as the pending business for Monday or temporarily lay it aside until Tuesday

or Wednesday, and not press for action on it tonight.

That is one of my shortest speeches, and I am ready to yield the floor.

Mr. COOPER. Mr. President, I believe the Senator from Oregon would agree that he has discussed and the Senate has discussed and debated the considerations that applied to the proposed amendment. They came into play when we talked about the amendment offered by the Senator from Ohio and the Senator from Wyoming, and they have been talked about all during the debate.

I believe all Senators know how they would like to vote on the amendment. I have been trying to obtain the floor since yesterday afternoon, in order to call up the amendment. This has been a long week, and I believe everybody understands it. I believe the Senator from Oregon would perform a great service to us all if he would let us go ahead.

Mr. MORSE. As one of the parliamentary leaders in opposition to the proposed amendment, I do not want to fail in my duty to the absentees in my ranks. I wish to bring them back, so that they can go on record in opposition to the amendment. I owe it to them. The Senator from Kentucky will be here with us next week, and there will be ample time for him to present the amendment.

Mr. COOPER. I shall have to cancel my engagements and make other arrangements, but I shall do so.

Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COOPER. The distinguished junior Senator from Texas [Mr. TOWER] has had to be away today, and I ask unanimous consent that a statement he has prepared in support of this amendment be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follow:

STATEMENT BY SENATOR JOHN TOWER

Mr. President, I am pleased to rise in support of the amendment of my distinguished colleague from Kentucky. The Alliance for Progress has been in most cases an effective and worthwhile program. It is the type of program which can benefit most from an extension of the authorization period for two years.

The people of Texas are familiar with the need for and close cooperation between the United States and our Latin American neighbors. Latin-American influence has given my state much of its traditions and history. The Spanish tongue is no stranger to Texas.

The people of Texas know that cooperation and coordination with our Latin neighbors is possible.

Mr. President, the Rio Grande is for Texas a border of friendship, not of discord. The Alliance for Progress does much to extend this feeling of cooperation throughout Latin America. The amendment before us now will do much to hasten that extension.

ORDER FOR ADJOURNMENT UNTIL MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 o'clock a.m., Monday next.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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For actions of July 25, 1966
89th-2nd; No. 119

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HIGHLIGHTS: Senate debated foreign aid authorization bill.

HOUSE

1. CIVIL RIGHTS. Began debate on H. R. 14765, the proposed Civil Rights Act of 1966. This bill includes provisions as follows: Authorizes civil actions for preventive or mandatory relief in connection with civil rights cases. Prohibits discrimination in purchase, rental, financing, use, and occupancy of housing. Prohibits interference by force or threat of force with activities involving civil rights, involving housing, participation in federally assisted programs, etc. pp. 16051-77

2. MILITARY CONSTRUCTION. The Armed Services Committee reported with amendment S. 3105, the military construction bill, which includes an authorization to repay Commodity Credit Corporation for family housing (S. Rept. 1763). p. 16119
3. AWARDS. A subcommittee of the Foreign Affairs Committee approved for full committee action S. 2463, to consent to the acceptance of certain gifts and decorations from foreign governments. p. D668
4. RECREATION. A subcommittee of the Interior and Insular Affairs Committee approved for full committee consideration S. 3510, to authorize the Secretary of the Interior to study the feasibility and desirability of the Connecticut River National Recreation Area. p. D668
Rep. Widnall urged action on his bill H. R. 16373, to provide additional authority to the Secretary of the Interior for land acquisition in the Delaware Water Gap National Recreation Area. pp. 16082-3
5. OPINION POLL. Rep. Broyhill, N. C., inserted the results of an opinion poll conducted in his district, including items of interest to this Department. pp. 16081-2
6. ORGANIZATION OF CONGRESS. Rep. Madden inserted an official press report from the Joint Committee on the Organization of the Congress outlining in general the results of its work. p. 16077
7. TRUTH-IN-PACKAGING. Rep. Nelsen inserted an article, "A Slap at the Homemaker", criticizing portions of the truth-in-packaging bill. p. 16089
8. PORK PURCHASES. Rep. Langen criticized Secretary Freeman's alleged statement that the Government may again cut down its pork purchases if hog prices rise. pp. A16087
9. SUGAR. Rep. Langen stated that this Department "is showing its disregard for the interests of America's domestic sugar producers..." p. 16087
10. WATERSHEDS. Received from the Budget Bureau a letter transmitting plans for works of improvement on several watershed projects; to Agriculture Committee (pp. 16118-9), and Rep. Moore commended this action (p. 16090).
11. TRAFFIC SAFETY. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 13228, amended, the proposed Traffic Safety Act of 1966. p. D668

SENATE

12. LEGISLATIVE APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 15456 (S. Rept. 1409). p. 16177
13. ORGANIZATION; PERSONNEL. Passed as reported H. R. 10104, to enact into positive law title 5, U. S. Code, "Government Organization and Employees." pp. 16224-29
14. FOREIGN AID. Continued debate on S. 3584, the foreign aid authorization bill. pp. 16123, 16128-34, 16138-76

Agreed to the following amendments:

- By Sen. Cooper, 54-31, to authorize a 2-year authorization for development loan funds for the Alliance for Progress. pp. 16134, 16138-48
- By Sen. Gruening, to provide that no commodity will be furnished to a particular country under the supporting assistance chapter unless AID finds that there is substantial need therefor. pp. 16157-8
- By Sen. Hruska, to require use of U. S. voting power to prevent grants or loans to any Communist country through funds supervised by the International Bank for Reconstruction and Development or the Asian Development Bank. pp. 16162-63

15. ELECTRIFICATION. Received from REA reports of approval of loans to the South Mississippi Electric Power Association, Lucedale, Miss., in the amount of \$20,671,000; and to the Arkansas Electric Cooperative Corp., North Little Rock, Ark., in the amount of \$14,458,000. p. 16176
16. DAIRY INDUSTRY. Sen. Proxmire claimed that the school milk program, "which accounts for 2.5 percent of the Nation's milk production is essential if the dairy farmer is to be provided an adequate income." p. 16187
17. DEMONSTRATION CITIES. Sen. Ribicoff inserted a Governors' committee report, "Urban Human Resource Problems and the Demonstration Cities Program." pp. 16193-94
18. FOREIGN TRADE. Sen. McGovern inserted an article, "Food as an Instrument of Our Foreign Policy." p. 16200
Sen. Proxmire stated that "the critical role of our agricultural exports is based on our trade with the industrialized countries" and proposed "trade liberalization." p. 16205
19. FORESTRY. Sen. Morse expressed concern over the "declines" in lumber production which he stated forest product industry executives have ascribed to "continued weakness in the housing market." pp. 16220-24

ITEMS IN APPENDIX

20. INFORMATION. Rep. McFall inserted an article expressing approval of the recently enacted freedom of information bill. pp. A3904-5
21. OPINION POLL. Rep. Cobelan inserted the results of a questionnaire, including items of interest to this Department. pp. A3919-20
22. SMALL BUSINESS. Rep. Evins inserted his newsletter which gives a summary and review of hearings which were held on the programs and policies of the Small Business Administration. p. A3919
23. WATER. Rep. Roybal inserted an article, "Water Crisis In Congress." pp. A3920-1

BILLS INTRODUCED

24. SCHOOL LUNCH. H. R. 16502 by Rep. Glenn Andrews, to amend title VI of the Civil Rights Act of 1964 to exclude the school lunch program and the special milk program from its provisions; to Judiciary Committee. Remarks of author p. 16099

H. R. 16512 by Rep. Scheuer, to amend the National School Lunch Act to strengthen and expand food service programs for children; to Education and Labor Committee.

25. LABELING. H. Con. Res. 869 by Rep. Utt, H. Con. Res. 897 by Rep. Hansen of Idaho and H. Con. Res. 898 by Rep. Waldie, expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to Interstate and Foreign Commerce Committee.
26. WATERSHEDS. H. Con. Res. 867 by Rep. Hungate, relating to the submission to committees of Congress of watershed improvement plans; to Agriculture Committee.
27. TAXATION. H. R. 16486 by Rep. Moorhead, to authorize the President, during the period during which the 89th Congress is adjourned sine die, to increase certain income tax and withholding rates temporarily; to Ways and Means Committee. Remarks of author pp. 16108-9
28. RECLAMATION. H. R. 16510 by Rep. Hansen of Idaho, to make certain reclamation project expenses nonreimbursable; to Interior and Insular Affairs Committee.
29. ELECTRIFICATION. H. R. 16471 by Rep. Dorn and H. R. 16472 by Rep. Landrum, to modify the general plan for the comprehensive development of the Savannah River to authorize the construction of the Trotters Shoals Dam and Reservoir, and to give the consent of Congress for the construction of a dam at Middleton Shoals; to Public Works Committee. Remarks of Rep. Dorn, pp. A3917-8

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COMMITTEE HEARINGS:

- July 26: Child nutrition, H. Agriculture (exec) and H. Education and Labor (exec).
Dog-cat handling, conferees (exec).
Rural community development and Dept. of Transportation, H. Rules.
Distribution among States of research and development funds, S. Gov't Operations.
- July 27: Check-off for paid advertising for plums, grapes, pears, H. Agriculture (Nicholson, C&MS, to testify).

oOo

ator from Alabama [Mr. HILL], and he has authorized the sending of notices to members of the committee that the full committee will meet on this matter at 2 o'clock this afternoon.

Mr. RANDOLPH. Yes, I have received the notice. Is it the Senator's feeling that possibly it would be our responsibility to dispose of this problem this afternoon?

Mr. MORSE. That is my feeling—I do not know whether it is shared by other Senators—but I see no reason why my joint resolution, which I believe to be eminently fair and the one proposed for the ad hoc handling of this matter, should not be settled this afternoon, brought to the floor of the Senate tomorrow, and then have the committee proceed to set hearings for permanent legislation on emergency disputes.

Mr. RANDOLPH. The Senator from Oregon underscores the seriousness of this breakdown in our air transport system so vital to the economy of the Nation and the well-being of our citizens.

ORDER OF BUSINESS

Mr. BAYH. Mr. President, in getting unanimous consent to have my amendment No. 652 placed before the Senate, it was understood that it would be in order to discuss it now; is that correct?

The VICE PRESIDENT. That is correct.

Mr. BAYH. It is my desire to proceed with the consideration of the amendment by the Senate, as it has attempted to do with several other amendments for the past 2 or 3 days. Because of the fact that several other Senators have been advised of this, I felt compelled to get a unanimous-consent agreement to discuss it. However, because of the importance at this particular moment of the airline strike, and the Senator from Iowa [Mr. MILLER] has a brief message he wants to present, I am happy to yield to him now, but would ask Senators' tolerance that we would promptly proceed to this amendment dealing with the Vietnam steel purchases so that we can dispose of it.

I now yield to the Senator from Iowa.

Mr. MILLER. I thank the Senator from Indiana.

Mr. SYMINGTON. Mr. President, will the Senator from Iowa yield to me briefly?

Mr. MILLER. I do not have the floor.

Mr. BAYH. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, in case I am not in the Chamber—at the time the distinguished Senator from Indiana brings up his amendment, I would say for the record that I have studied this problem in detail and believe the amendment to be both solid and constructive and would hope it is adopted by the Senate.

I thank the Senator from Iowa for his courtesy, and the Senator from Indiana for yielding.

(At this point, Mr. MONTROYA took the chair as Presiding Officer.)

THE AIRLINES STRIKE

Mr. MILLER. Mr. President, with respect to the airlines strike, I am concerned not only about the seriousness of the strike but also about the possibility of Congress—particularly the Senate—taking very hasty action. There is comment going around that there will be a meeting this afternoon on a proposed piece of legislation and that it will be reported promptly and passed, before what I would regard as the proper attention being given to it.

I do not think we are necessarily forced into that position now. Before we go that route, it seems to me something should be done and will have to be done by the President of the United States personally. There are several avenues which could be followed if the President personally intervenes and calls the parties together with him and talks with them, so some modus operandi can be worked out, before we adopt such drastic action as proposed in the resolution of the Senator from Oregon.

Section 160 of title 45 of the United States Code establishes the basis for the creation by the President of an emergency board to investigate and report respecting a dispute between a railroad carrier and the union. Section 181 makes this provision applicable to air carriers, and it was under these two sections that the President appointed such an emergency board in the airlines dispute. It is well known that the senior Senator from Oregon was appointed to that board.

I am sure the Senator from Oregon knows that I know that he is an expert in labor-management relationships in this type of matter.

At the same time, I felt it was an error for the President to appoint a Member of Congress to that emergency board who might be a spokesman for a bill on the subject. There would be a suspicion, when this was done, that there existed a conflict of interest between one who was appointed as an impartial member and one who served as a lawmaker of the Nation.

Because of what is regarded by many as very drastic legislation introduced by the Senator from Oregon, there already is a feeling on the part of some people that, because the recommendations of the original Emergency Board were not accepted, together with his statement that the findings and recommendations of that Board were reasonable, that now this very drastic legislation is being introduced by him to force acceptance of the Board recommendations. I do not think that is good. Rightly or wrongly, the suspicion is there.

Section 160 of title 45 is not clear as to whether the President could appoint another emergency board. Perhaps he cannot, but, in any event, it seems to me one possible solution he could ponder would be to have the parties meet with him personally and perhaps meet with another emergency board to exchange their views and get them to accept the recommendations of such a newly ap-

pointed emergency board. I would suggest that any such emergency board should not include any Members of Congress or of the executive branch of Government, for the reason that I have given, namely, that they would have a dual role as a member of the board and as a member of the executive branch, because in the situation facing us, the President has power to push through almost what he wants.

I would hope the White House would give some attention to this suggestion.

The legislation proposed is very drastic. While it is not compulsory arbitration, it does involve forced operations, which seems to be in the same ball park. We may have to do that some day, but before we do, I think we should consider what I have suggested, which hopefully could prove to be a solution.

Mr. RANDOLPH. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article showing how important research at West Virginia University Hospital has been slowed by the airline strike.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AIR STRIKE SLOWS RESEARCH AT WVU

MORGANTOWN.—The airlines strike has been blamed here for slowing the progress of Medical research.

Officials at West Virginia University Hospital have not been receiving their usual shipments of experimental animals, mainly rodents.

Dr. Dennis Kohn, a veterinarian at University Hospital, said that an Indianapolis supplier helped the situation last week by delivering 200 live mice by automobile.

TREATY OF AMITY AND ECONOMIC RELATIONS WITH THAILAND—REMOVAL OF INJUNCTION OF SECRECY

Mr. BAYH. Mr. President, as in executive session, I ask unanimous consent that the Senate remove the injunction of secrecy from Executive P, 89th Congress, 2d session, the Treaty of Amity and Economic Relations Between the United States of America and the Kingdom of Thailand, together with two exchanges of notes relating thereto, signed at Bangkok on May 29, 1966, and that the treaty, together with the President's message, be referred to the Committee on Foreign Relations, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty of Amity and Economic Relations Between the United States of America and the Kingdom of Thailand, together with two exchanges of notes relating thereto, signed at Bangkok on May 29, 1966.

I transmit also, for the information of the Senate, a third exchange of related

notes and the report by the Secretary of State with respect to the treaty.

The treaty will terminate and replace the Treaty of Friendship, Commerce, and Navigation signed on November 13, 1937. It is of the short, simplified type that the United States has negotiated with a number of countries, but it contains the general substance of the typical treaty of friendship, commerce and navigation. Provisions regarding rights and privileges of consular officers are contained in an exchange of notes.

The stability and growing prosperity of Thailand, and its commitment to freedom despite political and military pressures from outside, make the future of that country a matter of particular interest to all who want peace in southeast Asia. The new treaty reflects the friendship and close cooperation between Thailand and the United States, particularly the determination of both countries to encourage trade and other contacts as a key element of economic growth and political understanding. The treaty records the acceptance by both countries of a body of principles designed to further their close relations along mutually beneficial lines.

The conclusion of the treaty is another important step by the United States in implementing its policy of extending and modernizing its commercial treaty structure and of establishing conditions favorable to foreign investment.

I recommend that the Senate give early and favorable consideration to the treaty and give its advice and consent to its ratification.

LYNDON B. JOHNSON.

Enclosures:

1. Report of the Secretary of State.
2. Treaty of Amity and Economic Relations, with related notes, between the United States and Thailand.

THE WHITE HOUSE, July 25, 1966.

FOREIGN ECONOMIC ASSISTANCE,
1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr BAYH. Mr. President, now pending before the Senate is my amendment, No. 652, which deals with the return to the previous requirement for the purchasing of galvanized steel for use in Vietnam under the standard of 90-10 percent, which means the percentage that steel products used in South Vietnam would have to contain of the products originating in this country.

In fairness to the Senate, and because a number of questions have been raised by many of my colleagues on this subject, I wish to state my reasons for the amendment.

As early as January of this year, I was informed that AID served notice that it was going to terminate the 90-10 requirement.

In a letter to the Agency I inquired about its reasons for this. Receiving no satisfaction to my inquiry, I started an investigation on my own which disclosed the following facts.

First, exorbitant prices were being charged for the use of galvanized sheeting, ranging as high as \$50 more than the normal price used in the area.

Second, we found that the quality of the steel was inferior. It was half as thick as the normal thickness required in the United States and it contained only half of the galvanizing required under standards in this country.

Third, we learned that the purchasing policy which was being followed was to purchase Japanese black plate, run it through Korean galvanizing mills, and ship it to Vietnam.

In December 1963, AID which was concerned about the abnormally large percentages of foreign aid purchases not containing this componentry, upheld a required componentry of 90-10. However, we found that the 90-10 componentry requirement was violated time after time. In December 1965, AID suspended purchases. In January it terminated the ruling, with the result that there was no strict requirement.

Galvanized steel is a very important product used in Vietnam. It is important in the pacification effort, which to many of us is as important as military victory. It is necessary for better living conditions. It is used for fencing, piping, and roofing for many homes in the villages and towns; so is greatly needed, extremely important.

We asked the General Accounting Office to look into the matter. After investigation GAO found that not only were the allegations correct, but were more serious than we had supposed.

The price was high. Quality was poor. Price fixing and kickbacks were the normal market practice of the day. In fact, Mr. President, the last bid taken was so patently fixed that AID finally suspended the purchases last December.

In fairness to AID officials, I should say that, when they finally got the message of what was happening, they were as distressed as I. I do not intend to imply that AID officials are dedicated to this type of procedure. Sometimes it is difficult for them to realize what is actually happening far away.

It seems to me that the main problem which has been confronting AID in the area of southeast Asia is the fact that they have not had enough capable administrators. For awhile, some half dozen or so administrators were trying to determine who we would handle several hundred million dollars worth of commodities. It seems that Congress has been a bit negligent in not seeing that AID was given enough funds to have the kind of topnotch assistants they need.

Not to lengthen the RECORD unnecessarily, Mr. President, but as a result of my concern, I asked the Senate to accept an amendment to the supplemental aid bill earlier this year. Although it was approved by unanimous consent, the House did not agree to it, and I did not feel inclined to hold up the bill with prolonged discussions after the provision was knocked out in the conference committee report.

Now AID has tried to make a suggestion which it believes would cope with the problem. It would provide for an in-

spection program, which it is claimed would do away with the faulty merchandise. As stated in a memorandum which AID circulated to us late last week, it is argued that the new rules would guarantee 50 percent or more of the orders for the product going to U.S. steel producers. Third, it proposes a rather complicated letter of credit system to prevent the loss of U.S. dollars, and thus lessen our balance-of-payments problem.

With all due respect to AID officials, who, I am certain, are conscientious, I nevertheless emphatically disagree with the ultimate impact of the AID proposal. Let us look at the three problems which it is contended that this new proposal would meet.

First, let us examine quickly the 50-percent guarantee to U.S. suppliers. This presumption is based upon the fact that all of the larger gages would be guaranteed to U.S. suppliers, with only the more narrow gages open to the competition of southeast Asia's steel suppliers.

On its face, this appears to be a very fair proposal, with obvious results as described in the AID memorandum. But anyone who has investigated the buying practices in southeast Asia can quickly see that the results anticipated would not be accomplished.

The major reason is that the South Vietnamese importers historically, in practice, have not purchased and will not purchase the gages of steel which are made in the United States. Most of our steel companies manufacture as their most narrow gage what is known as a 29-gage. A few companies make as narrow as a 30-gage; and we did have one company or two which made a 32-gage—which is extremely narrow—but because of imperfections involved in manufacturing this narrow gage or thin gage product, they soon terminated it.

What I am driving at, Mr. President, is that if they do not buy any of the thicker gages, they cannot buy any from the United States, because we do not make them as thin as they buy them.

Senators may say, "Why is it that the South Vietnamese buy such thin-gaged galvanized steel?"

It is very simple. They make more profit out of it, for two basic reasons. For one, the importer buys galvanized steel by the ton and sells it by the sheet. So commonsense will show that the thinner it is, the more sheets there are per ton, the more profit will be made in a ton.

Second, the more quickly it wears out, the sooner it will have to be replaced; and the thinner it is and the more poorly it is galvanized, the quicker it wears out.

So I believe that the procedure, as valid as it sounds on its face, as far as purchases are concerned, will result in the fact that few or no bids will be forthcoming on products which the United States produces.

As far as inspection is concerned, I do not doubt that inspection procedures could be worked out. An inspection team could be established to maintain the quality, but that would require added costs, added administration, and in the final analysis, the inspection of

the finished product would be tied to the base material that is received.

Even if there is careful inspection of a thinner quality of galvanized material and determine that it meets the standards, there can be no argument about the fact that a thinner quality product will not last as long and will have inferior results in the field.

Third, let us look at the letter of credit proposal—which is, to me, a most important feature, because I am very much concerned about the detrimental effect of having an additional burden put on our gold or dollar outflow by increasing our balance of payments to the extent of \$50 million. AID is cognizant of this problem, and it has established a program involving a tied letter of credit arrangement. Under this system all of the dollars spent for the purchase of these galvanized steel commodities will be tied in such a manner that they must be used in the United States to buy iron and steel products—lathes, wheels, reinforcement rods, and so forth. In this manner, it is argued that the dollars will not get away from the manufacturers in the United States.

But to do that, Mr. President, it means that every shipment of steel products that leaves the United States would have to be policed, not only when it leaves but when it arrives at the Asian port; likewise, there would have to be careful guard against any transshipment of these goods.

To me, that would be absolutely impracticable if not impossible. I can foresee the policy that will be followed by those very shrewd businessmen in Asia who receive a letter of credit tied to the purchase of U.S. steel products. They will buy the steel products from the United States, such as a shipload of lathes or machine tools, and they will transship it to some other place in the world which has a ready market for it, and sell it on the open market.

That practice would have two effects. First, it would take away a market that would ordinarily come to the United States in the first place; and, second, it would not protect us from our dollar loss on our balance of payments.

I suggest, as a remedy for the situation in southeast Asia, Mr. President, that we require—and my amendment would require—a simple restatement of the 90-10 componentry rule, which was in force and effect before January of this year. This would require, very simply, a 90-percent content of U.S. component parts for products that are purchased.

I noticed, in the memorandum that was circulated by AID, that it said that the Bayh amendment would merely set up a special program for a very limited supply.

Quite to the contrary, Mr. President, the 90-10 ruling is identically the same ruling that is used almost everywhere else in the world today. In fact, it is used in South Vietnam on almost all other products except galvanized steel. That product is an exception to the present rule being utilized by AID.

Return to the 90-10 componentry ruling is heartily endorsed by the American Iron and Steel Institute, the association

of those who produce the iron and steel commodities on which we all depend in the United States.

It seems to me that a return to that rule would do three basic things. First, it would guarantee a return to a high-quality American product. Tests conducted in the field show that American galvanizing would last as long as 12 years, whereas, with some of the flimsy stuff AID has been buying, they are lucky if it lasts 1 year. Some of it does not even last 6 months. In fact, the GAO report shows some of it was rusted before it even came off the boat.

Second, the product would be purchased from the United States, thus benefiting domestic business and labor, with the resultant tax benefit to our Treasury.

Third, it would prevent an additional drain being placed on our balance of payments.

Mr. President, this amendment is not complicated. It is very simple. It merely means, if we agree to this amendment, that we are going to require the same standard for purchasing galvanized steel in Vietnam that is required everywhere else in the world.

Mr. FULBRIGHT. Mr. President, this is an extremely complicated amendment. It was offered on the floor of the Senate during consideration of the supplemental authorization earlier this year. It was accepted and taken to conference, where the House conferees were adamantly opposed, saying they had had no opportunity to consider it. It was, therefore, dropped in conference.

In connection with the pending bill, the amendment has been considered—and rejected—by both the House Foreign Affairs Committee and the Senate Foreign Relations Committee.

Under current AID procedures, half of the galvanized sheet bought for Vietnam is procured in the United States, and half in Korea. The Koreans are reimbursed, not in dollars, but in a special letter of credit which is valid only for the purchase of iron and steel products in the United States. I emphasize those products. That does not mean galvanized steel.

Thus, so far as the U.S. balance of payments and the U.S. iron and steel industry as a whole are concerned, the procurement in Korea has no net effect. It does, however, give Korean industry a chance to participate in supplying the Vietnam market, and there are felt to be important political reasons for doing this, especially in view of the fact that Korea has two divisions of troops in Vietnam.

There are some ways in which we can thank Korea for sending troops to Vietnam. This is one of them.

This amendment would, in effect, require that all galvanized sheet bought for Vietnam be procured in the United States. The amendment would hurt the Koreans. It would not help the U.S. iron and steel industry. It would help only a handful of galvanizing plants. It would help some particular segments of the industry, that is, the manufacturers or the dealers in galvanized sheet.

The total amount of money involved is

\$10 million—approximately half of the \$20 million in annual procurement of galvanized sheet.

The measure is what I would call highly specialized legislation. The committee rejected the amendment. I reject it, and I hope that the Senate will not agree to the amendment.

Mr. BAYH. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. RANDOLPH. Mr. President, the able chairman of the Committee on Foreign Relations inadvertently used the figure \$10 million instead of \$50 million. However, that can be developed with certainty in colloquy between the knowledgeable author of the amendment and the chairman of the committee. The amount is substantial as it affects business and labor in this country.

Mr. President, I support the amendment offered by my diligent colleague, the Senator from Indiana [Mr. BAYH].

In this situation I am intensely interested because the basic steel industry in the State of West Virginia provides many jobs. The employment of our steelworkers and many allied workers depends in large degree on the health and well-being of the steel industry.

Portions of the steel industry, of course, are engaged in different types of production.

I speak in behalf of the many small firms who employ fewer than 8 workers, as well as the large plants which employ from 400 to many thousands of employees.

There is one plant, the Weirton Steel Co., in West Virginia, which has approximately 12,000 employees. Wheeling Steel Corp. is another firm in northern West Virginia employing substantial numbers of workers.

As a member of the Select Committee on Small Business, I have been interested in, and from time to time have attempted to develop, answers to the hardships that are faced by the small business firms in the United States as they labor diligently to remain successfully within the competitive market.

We certainly are aware of the difficulties inherent in the establishment and maintenance of our small firm operations which employ from 1 to 50 or 60 workers at the most. The entire market, of which these small shops are a part, suffers under the impact of increasing imports that we cannot justify. It seems to me that purchases abroad by a branch of the U.S. Government which further adds to the strain of the present problems are intolerable. Thus, it is disheartening to learn that only 20 percent of the steel products being purchased with AID dollars are being bought here at home instead of the 90 percent purchasing percentage being allowed in the case of most other products. This is certainly disheartening to the Senator from West Virginia. Our steel and fabricating companies are being asked to hold the line on profits, and our steelworkers are being asked to hold the line on wage requests. Apparently we are turning abruptly around and awarding large steel purchases to foreign firms, the purchases being financed by American tax

dollars paid by, among others, the workers and companies of which I speak.

I have attended the executive sessions of the Subcommittee on Labor when it was considering proposals in the area of fair labor standards legislation.

I make it quite clear and I think the administration generally is to be commended for its strong position on this measure. However, I do not understand what benefit it would be for members of our labor force if we were to enact minimum wage increases and adopt foreign aid purchasing policies which might ultimately lead to the loss of jobs for many workers in the steel industry in West Virginia and other States.

A further point has been made by the Senator from Indiana that this is not merely a provincial problem which is related to any one State, whether it be Indiana, West Virginia, or Pennsylvania—nor is this a one-industry problem relating to steel.

Mr. BAYH. Will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. BAYH. Mr. President, in order to make this point abundantly clear, inasmuch as one of the arguments set out by AID dealt with the fact that this is a special privilege involving only one or two plants, I ask the indulgence of the Senator from West Virginia and of the Senate to read a telegram I received from Mr. John P. Roche, president of the American Iron and Steel Institute, an institute representing 95 percent of the steel industry. Let us see how special this interest is.

The telegram reads:

Understand you yesterday introduced an amendment to S. 3584 and that a vote on this matter could occur soon. Accordingly, I wish to reiterate strong, enthusiastic support tendered this amendment by American Iron and Steel Institute, whose membership comprises over 95 percent of the domestic steel industry. AISI's members are constantly interested in any legislation which assures steel of highest quality for Vietnam, as well as benefiting the U.S. balance of payments and protecting jobs for American labor. Specifically, AISI's position was set forth in my letter to you of April 21, 1966, in which I stated: "In our judgment the interest of the domestic steel industry and the Nation will be best served by a reinstatement of AID's ratio of 90-10 as issued in January 1964."

Mr. RANDOLPH. Mr. President, I think it is an across-the-board matter and is not a specialized concern as seems to be indicated by opponents of the pending amendment.

Much has been said in this forum about the concern which we have in reference to the balance of payments. Americans have been asked to forego the pleasure of traveling abroad and to enjoy tourism here in the United States.

Again, I say that generally I think the administration acts correctly in this regard.

However, our balance-of-payments deficit for the first quarter of 1966 was \$582 million. At the same time, the Council of Economic Advisers on steel prices, in its report to the President, made by the distinguished and capable Mr. Ackley, placed the adverse impact on the balance of payments of the steel export-import reversal of the U.S. steel

trade between 1957 and 1964 at \$791 million. If one takes into account the fact that we lose additional dollars through the shipping of these products, much of which is done by foreign-flag vessels, this figure reaches an estimated \$873 million.

If we can ask our citizens to remain at home, to contribute their tourist dollars to the American economy rather than to economies abroad, Mr. President, surely we can expect our AID purchasing officials to follow the same guidelines.

I support the amendment of the Senator from Indiana, and I trust that a majority of Senators will agree to this valid proposal.

Mr. President, I hope I will be able to say after the vote on the amendment that the Senate locked into its developing version of the foreign aid authorization bill an amendment requiring that 90 percent of all steel and steel-product purchases for international development be bought in the United States. In terms of dollar volume perhaps such restriction on Agency for International Development purchases would not be as important as would be a sense of the Senate provision that more buying must be done at home in the interest of the domestic economy and our country's balance of payments.

With our steel industry and fabricating concerns experiencing more and more import competition from foreign mills and factories, a new 90-percent domestic purchase requirement in the AID measure would assume a new and helpful meaning for producers and steelworkers—fabricators and their workers—alike.

Mr. BAYH. The senior Senator from West Virginia, who has had long and fruitful experience in matters relating to the basic steel and related industries, and who is knowledgeable on the subject, has made compelling arguments for the amendment, and I express by appreciation and commendation.

Mr. President, I see that our distinguished colleague, the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT] has left the Chamber. Even though he is not here to hear me, I should like to say that no one in the Senate has a greater respect for him and his ability than I. Indeed, he is the No. 1 student of the foreign aid program and the foreign aid bill. He is an expert in this area.

However, when we speak of the expenditure of \$7 billion in intricate programs, it is easy for me to see why some of the information which has been supplied to the Senator from Arkansas—which apparently has not been double checked—does not compare favorably with the facts of the situation as disclosed in the GAO report and the actuality of what AID wishes to do.

The Senator from Arkansas has suggested that this would guarantee one-half of the steel being purchased from U.S. steel firms. If I could be sure of that, I would be tempted to say, "All right, I will buy half an apple and will be willing to let the other half go which still has a worm in it," although I did not like the process they were following.

However, when we look at the way in

which the memo is worded—all Senators apparently received a memo, hand-carried to their offices—it states that the United States would be guaranteed the purchase of all the bigger gages. The point is, however, that the Vietnamese do not now buy any thick-gage material. The importers buy the thin, flimsy stuff that gives them more profit per ton. As I mentioned a moment ago, they buy it by the ton and slice it thin. The thinner they slice it, the more profit.

Consider the orders for galvanized steel that have been forthcoming. Very few orders at all have been received from South Vietnam for the type of gage up to 29—a few steel companies have ordered 30—which is made in the United States. Most of the gages ordered are 31, 32, 33, and 34, and some of it is as thin as 35 gage. So I do not see how this proposal will guarantee that the United States gets any part of the market at all.

The letter-of-credit proviso, to which I alluded before, is an ingenious device, if we can trust everyone to deal above the board. It says we do not give you dollars; we give you a \$1 million letter of credit, with which you have to come to the United States and buy iron and steel products. It seems to me that the very ingenious southeast Asian businessman will take that letter of credit, come to the United States, and buy \$1 million worth of lathes or railroad track. But that does not mean they will be used in southeast Asia or any place else in Asia. He can transship those goods to any place in the world, get dollars in exchange, and use those dollars in any way he wishes.

This procedure presents a loophole big enough to drive a truck through.

I should like to state categorically that I am extremely appreciative of the effort that our Korean friends are making to turn back the common enemy in South Vietnam. AID is saying that galvanized steel must be purchased in this way in order to keep the troops of Korea in South Vietnam. Frankly, I believe our brothers in South Korea are more dedicated to fighting communism—they have been fighting it a long while—than to permit the purchase of several million dollars' worth of steel determine where they will send their troops.

Even if this were the case, the record shows that these component rules have been violated ever since 1963, and no troops were there then.

The amendment proposed by my colleagues and myself would not prevent steel from being bought from Korea. American black plate could be shipped to Korea, the Koreans could galvanize it, and then it could be sent to South Vietnam. However, the amendment would prohibit Japanese black plate being galvanized in Korea and being sent to Vietnam.

I do not wish my effort to be interpreted in any way as being unappreciative of what the Koreans are doing. We are dealing with about \$50 million of galvanized sheeting in this fiscal year, about \$90 million worth in the next fiscal year.

Although I have been in the Senate only 3½ years, I have spoken about this with several Senators who have been involved in the foreign aid program for

many years. The AID Administrator states that his Agency will guarantee that the maximum amount of products is purchased in the United States. It seems to me that Congress should stipulate in the act itself that the 90-10 component be maintained in this specific case of galvanized steel.

If we lower the bar here, I am extremely concerned about what will happen with other products.

I am not a conservative trade man, and in general favor free trade. But when we talk about aid, about giving assistance to foreign nations, I do not make any apologies for the fact that I wish to do everything possible to see that the product is bought at home, before it is given away, so that it can benefit our economy. By the same token, the evidence is crystal clear that they would get a better quality product. Thus, the true intention of the AID program is better followed through, because they would not be getting inferior goods.

Mr. FULBRIGHT. For the record, I do not pretend that I have been out and hastily checked these figures. On May 12, Mr. Gaud who is the new Director stated before the Committee on Foreign Affairs of the House:

Galvanized sheets are one of the principal items financed by the Vietnam commercial import program—approximately \$20 million is the estimate for fiscal year 1966.

That is the year, of course, which has just passed. It undoubtedly will be larger in fiscal 1967. The whole operation is somewhat larger.

The information from AID is this: About a year ago, U.S. businessmen got 2 percent of this business. Due to a change in AID procurement procedures, they now make about 50 percent of these sales, and 50 percent go to the Koreans. Those changes were made in order to meet objections raised by some who are interested in the proposed amendment. But the AID people now say that 50 percent goes to U.S. business and 50 percent to the Koreans.

Mr. BAYH. — Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BAYH. In the absence of the Senator, I said that no one respects the Senator's expertise in the area of foreign aid more than I. The Senator is a worthy colleague and a trusted friend, one whose advice I willingly seek.

However, I have spent a number of months digging out some of the facts on this subject, attempting to determine for myself right versus wrong. I wish the Senator would let me have the benefit of his knowledge as to how this aid program will guarantee 50 percent—or any percent—for American businessmen.

Mr. FULBRIGHT. I do not wish to mislead the Senator. I am not an expert, particularly in galvanized sheet. I can only relate to the Senator the information the Director and the AID people have given us. I do not know why they would want to mislead the committee on facts of this kind. The Senator is saying that they are misleading the committee or are ignorant of what is going on.

Mr. President, in order to clarify the issue, I ask unanimous consent that the entire statement of Mr. Gaud be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. WILLIAM S. GAUD, DEPUTY ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE, MAY 12, 1966

Mr. Chairman and Members of the Committee: As you know, over 90% of all the commodities, financed by the Agency for International Development are now bought in the United States. This is in sharp contrast to the situation which existed in 1960, when only 41% were bought here.

The problem which is now before you arises out of the less than 10% of our commodity purchases which are made overseas. More specifically it arises from our commercial import program in Vietnam, which accounts for the bulk of our offshore procurement.

The commercial import program provides Vietnam with dollars to finance the importation of essential goods required by the Vietnamese in excess of their own foreign exchange capabilities. These imports absorb the greatly expanded market demand resulting from the war effort which, if not met, would create dangerous inflation. The imported goods are paid for by Vietnamese businessmen, and then sold in local currency.

Galvanized sheets are one of the principal items financed by the Vietnam commercial import program—approximately \$20 million is the estimate for FY 1966. They are used by the Vietnamese primarily for roofing.

Beginning in 1963, Korean galvanizers developed a substantial market for these sheets in Vietnam, using Japanese blackplate as a basic component. In June 1963, for balance of payments reasons, A.I.D. adopted a "componentry rule" restricting to 30% the material in finished products which could come from a source other than the supplier country or the United States. In January 1964, again for balance of payments reasons, A.I.D. adopted a 90/10 componentry rule which restricted to 10% the material which could come from a source other than the supplier or the United States.

This ruled out the use of Japanese blackplate. A Korean galvanizer who attempted to use United States blackplate found he could only sell his galvanized sheets at a loss.

In May 1965, the Koreans worked out a new procedure which they asserted complied with the A.I.D. componentry rule. Under this procedure they bought United States iron and steel scrap and in effect bartered it to Japan to pay for most of the cost of Japanese blackplate which they then galvanized and sold to Vietnam. After extended discussions, we told the Koreans that this did not meet the 90/10 rule. We therefore ordered suspension of procurement of galvanized sheet from Korea on November 1, 1965.

This suspension came just at the time that the Korean Government sent its Tiger Division to fight in Vietnam. In February 1966, the Vietnamese Government asked for a second Korean Division, plus a combat brigade. Shortly thereafter the Korean Government agreed to send these additional troops to Vietnam.

The Koreans have for several years been mounting an intense export drive, which is reducing their need for U.S. aid. They are naturally eager to maintain and expand their sales to Vietnam.

We believe—and we acknowledged to the Korean Government—that it is reasonable for Korea, a developing country and an ally which will soon have 40,000 troops in Viet-

nam, to have an opportunity to compete for some of the U.S.-financed procurement supporting the war effort. Galvanized products represent at least three-fourths of Korea's present total exports to Vietnam. This is business that Korea has had. Enforcement of A.I.D.'s 90/10 componentry rule would have cut off this business at a most inopportune time. We therefore decided to adopt a new procedure for the procurement of galvanized sheets which would permit Korea to bid for the business—if they got it—to be paid in dollars which could only be spent in the United States for iron and steel products or a limited amount of steel scrap. To assure competition, we offered the same opportunity to several other Far East countries as well as the U.S. industry.

When we announced this new procurement policy Senator BAYH raised several objections. He cited information indicating that the quality of galvanized sheet from Far Eastern sources had been poor, and that prices paid were higher in some instances than appeared reasonable in the light of the supplier's costs. He also urged us to reinstate the 90/10 componentry rule which would have prohibited the use of Japanese blackplate and instead to require the use of U.S. blackplate by Far Eastern galvanizers.

We undertook investigations on these three issues and other aspects of the problem. During these investigations and up to the present time we have not financed any galvanized sheets under the procedure challenged by Senator BAYH.

Our investigation confirmed that many of the sheets had been of poor quality. This resulted primarily from inadequate specifications provided by Vietnamese importers. We now intend to deal with this deficiency by eliminating thinner gauge sheets and by requiring zinc coating meeting U.S. commercial standards as defined by the American Society for Testing and Materials. We also will require that an independent testing agent certify compliance with these standards at the source prior to shipment to Vietnam.

With respect to prices, we found indications of possible collusion and kick-backs by suppliers to Vietnamese buyers. Our new rules will guard against this in several ways. We will require that procurement invitations and awards be managed by a single Vietnamese authority with official U.S. participation, so as to prevent contact between supplier and buyer. We also will set reasonable price ceilings above which awards will not be made.

With respect to source, we have considered three alternatives: requiring procurement only from the United States, or requiring the use of U.S. blackplate, or requiring that procurement be split between U.S. and Far Eastern suppliers.

We concluded that a shift to total U.S. procurement would not only deny Korea the opportunity to bid but also would greatly increase the cost of galvanized sheets at a time when we are trying to check inflation in Vietnam. Our cost analysis indicated that if we insisted on the use of U.S. blackplate Korean suppliers could not deliver galvanized sheets to Saigon at prices competitive with U.S. galvanized sheets. Consequently, this alternative would exclude Korea from a chance to compete unless we barred U.S. galvanizers from competition. This we are not prepared to do.

The third alternative was to require that some part of the business be directed exclusively to the United States. We have decided to adopt this alternative, requiring that at least half of the galvanized sheet by value be bought from the United States. To the extent that Far Eastern countries obtain the other half of the business, they will be paid in dollars which can be spent only in the

United States and only for iron and steel products including machinery, but excluding scrap.

Thus, although United States industry will not be guaranteed all of the Vietnamese market for galvanized sheet, it will get at least half directly and will get indirectly an amount of business equal to the remainder through sales of other iron and steel products to the countries earning these tied A.I.D. dollars.

Attached to this statement is a detailed outline of our new procedure. In summary, it will insure that:

1. All A.I.D. dollars spent on galvanized sheets for Vietnam will remain in the United States and be spent on U.S. iron and steel products.

2. U.S. galvanizers will obtain 50% of the galvanized sheet business and will be eligible to compete for 100% of it. U.S. iron and steel and machinery manufacturers will ultimately receive business on the balance through tied letters of credit.

3. Eligible Far Eastern countries (Korea, Philippines, Singapore, Taiwan and Thailand) will be able to compete for 50% of the business and use blackplate from any Free World source galvanized by them. These countries will be paid not in free dollars, but in a specially restricted tied letter of credit which can be used only for the purchase of U.S.-produced iron and steel products, including machine tools.

4. U.S. "commercial" grade quality standards will be required as a minimum from all sources, with independent inspection before shipment.

5. We will finance only U.S.-produced gauges, up through 31.

6. We will insist on procurement on an aggregate basis, managed by a Vietnamese Government authority with U.S. Government participation in the award decisions.

7. A.I.D. will not finance purchases at prices above those it determines to be reasonable.

8. Existing offers made to Vietnamese importers will be rejected, and all new business will be conducted on the basis of our new procedure.

We believe the revised procurement arrangements are fair and meet our various objectives. We will keep this matter under constant review, and will adjust our procedures as may be necessary to protect U.S. interests. We do not believe that a highly complicated and technical administrative matter such as this should be dealt with by legislation.

I will be glad to respond to your questions.

GALVANIZED SHEET PROCEDURE

The following procedure has been devised to meet the criteria for supply of galvanized iron and steel sheet:

1. Quality must be acceptable to U.S. standards.

2. Price must be reasonable and honestly competitive.

3. Fifty percent of the dollar value must be from U.S. sources.

4. Far East suppliers must have an opportunity to make offers but if successful will receive payment in letters of credit requiring all dollar earnings be spent in the U.S. for iron and steel products and machine tools.

It is proposed that:

1. All Vietnam commercial import requirements of galvanized iron and steel sheet shall comply to ASTM Specification A-525-64T under coating class designated as 1.25 oz. commercial, subject to inspection at source by an independent inspection company.

2. No sheet thinner than gauge 31 shall be eligible for A.I.D. financing.

3. Procurement of galvanized iron and steel sheet shall be under formal bidding, the

sealed bids to be opened in the presence of an A.I.D. observer, but otherwise privately.

4. The Director of Commercial Aid will aggregate requests for quotations received from Vietnamese importers and divide them into two gauge groups as nearly as possible equal in dollar value. He will then issue two invitations for bid:

(a) U.S. only for the thicker (lower numbered) gauges, and

(b) U.S. and eligible Far East sources for the thinner group. All Far East suppliers would be paid on basis of Small Business Memo 64-4A-26, March 29, 1966, including the restricted tied letter of credit except that scrap would be eliminated as eligible commodity under the tied letter of credit and from the blacksheet requirement.

5. Invitations for bids will require that each bidder forward:

(a) One set of sealed bids to DCA.

(b) One duplicate set of bids to A.I.D., Washington, D.C.

6. The DCA will receive offers, open bids in private, but with USAID/Vietnam present, tabulate and evaluate prices and quantities.

7. When the bids are received A.I.D. will furnish to DCA a confidential ceiling price established for each gauge on the date bids are due or thereafter. Any Far East bidder's price quotation in excess of this pre-established ceiling will be automatically rejected.

8. The DCA will quote prices by gauge and secure confirmation and earnest money from each Vietnamese importer of the total tonnage of each gauge he will accept. The DCA will not then disclose suppliers or source countries.

9. On basis of these confirmed tonnages, the Director of Commercial Aid will:

(a) Determine lowest cost offers.

(b) Allocate not less than fifty percent of the dollar value of the total business to low bidder among the U.S. bidders.

(c) Allocate balance to low bidders among the Far East suppliers. In the event that there are insufficient U.S. bids to total half the business, the DCA shall award to Far East bidders an amount not exceeding the amount awarded to the U.S. A second bid invitation, again split 50-50, may be required. In order to balance U.S. and Far East awards, the DCA may split a gauge between sources. If so, he will average or blend the prices and split the sheet supplied each importer.

(d) Open letters of credit in favor of successful bidders, including among provisions of the letters of credit:

(1) Instructions to suppliers to consign shipments to DCA.

(2) Requirements for an inspection certificate from an independent inspection company if merchandise originates in a non-U.S. source country.

10. After contractual arrangements have been completed, including issuance of letters of credit to successful bidders, all participating bidders will be sent copies of notices of awards. Such notices will be publicly displayed by the DCA and will be furnished to USAID/Vietnam in sufficient copies for transmittal of one set to A.I.D., Washington, D.C.

11. When shipments have been made by the suppliers, DCA will notify participating importers in a timely manner of the anticipated arrival of the merchandise, will arrange for deposit of balance of counterpart to the extent this deposit has not already been covered by payment of earnest money, and license assignment of the merchandise to the importers following clearance through customs.

12. USAID/Vietnam would advise GVN and importers that if irregularities are found in this procedure, we reserve the right to insist on U.S. procurement authorities handling entire import of galvanized sheet.

Mr. FULBRIGHT. The letter of credit I mentioned, which is given to the

Koreans, enables them to make purchases in the United States. It is true that some machine tools have been purchased. They are not limited purchases of galvanized sheet.

It does not have to be any particular kind of steel but can be steel products. Tools are made from steel. If their purchases were all machine tools, they would involve higher value from specialized labor than from the raw steel content.

But that is generally what the provision of their letter of credit requires. They must purchase an equivalent amount in steel or steel products in this country.

If the Senator is saying that in spite of the regulations and procedures, it is possible for very sharp individuals to get around them, I am not in a position to deny it. I do not have any expertise that would make me believe that this is not impossible. I do not know of anything in the law that cannot be evaded by a sharp lawyer.

AID reported that they are doing the best they can do to protect the legitimate interests of our steel people. They do not believe that our galvanized sheet people are entitled to all of this business.

The Koreans are participating in this procurement program to some extent because they are supplying troops in South Vietnam. This is one of the indirect ways to show our gratitude. There are other ways.

We also provide them with direct assistance.

I think that AID's position is clear, and I am not in a position to say that AID is not dealing direct.

Mr. BAYH. That is a difficult thing for me to say.

Mr. FULBRIGHT. The Senator just about said that.

Mr. BAYH. I am about to say.

Mr. FULBRIGHT. Yes.

Mr. BAYH. But I am going to be very careful not to. I am going to try to phrase it in such a way, as I said earlier, that, because they have been undermanned and oversupplied, at least they have not had enough capacity—

Mr. FULBRIGHT. Who is undermanned? AID?

Mr. BAYH. My position is that the major reason we got into this problem in Vietnam is that for some time AID had approximately six experts there on this whole program.

Mr. FULBRIGHT. They are not undermanned generally. Does the Senator know how many people they have?

Mr. BAYH. I am not an expert on this matter, and have been trying to learn about only a small area of a vast operation.

The 50-percent proposal, so far as purchases are concerned, as I said a moment ago, completely overlooks the fact that this is not going to insure one-half of the market for the United States. The memorandum does not appear to explain that this thin product is not purchased in the United States. If the United States does not make it, I do not know how we can sell it.

Mr. PASTORE. There is a matter that concerns the Senator from Rhode

Island and it is this. I assume Vietnam needs a certain amount of tonnage of this steelplate. I understand they use it for roofing.

Mr. BAYH. And galvanized piping.

Mr. PASTORE. Is it not true that under the present system the Vietnamese are able to buy this steelplate cheaper than if they were forced to buy it from the American market? Is that not correct?

Mr. BAYH. That is not correct.

Mr. PASTORE. Does the Senator mean that this transaction in which they are now indulging does not furnish this steelplate cheaper than if they were compelled to come to the American producer?

Mr. BAYH. The only specific example which we have is several shipments made by an American steel company—I think it was Granite City. Granite City decided to try to produce thin plate for this market. They found that there were so many imperfections they could not meet the standard and it was not worth going into again.

Mr. PASTORE. We went into this in committee but not in the same depth as the distinguished Senator from Indiana. But we took this matter up in considering the supplemental appropriation bill last year.

Mr. BAYH. The distinguished Senator from Rhode Island is to be complimented and I wish to compliment him for the judgment he has shown.

As I read from the replies given by one of the AID officials appearing before the committee, it made the hackles stand on the back of my neck.

Mr. PASTORE. I was merely trying to get the facts. I would like to be corrected if I am in error.

In speaking with representatives of the AID program we were made to understand there is a differential in price. That is to be understood. I have had that condition before me in the textile industry. I am not defending that one iota.

I understand they made a certain amount of this steelplate, and if they cannot buy it cheaper, as they are now, they could either use their own foreign currency or foreign exchange to buy it at a cheaper price or we would have to increase our aid grant to them to buy enough of this plate.

I would like to have the Senator's reaction on this.

Mr. BAYH. From the facts and figures we have from both the American Iron & steel industry and from the individual firms, there was some question when we first started inquiring into this whether American industry could meet this demand. However, we have learned that they can supply the required amount on 90 days' notice the same as to everybody else; and second, at a cost which would be within a dollar or two and sometimes cheaper.

It is my understanding that American companies could ship in galvanized steel at the same cost as the Japanese, Koreans, and South Vietnamese.

I do not wish to mislead the Senator from Rhode Island. If the other al-

ternative were followed, of getting American black plate, instead of galvanized, shipping it to Korea, and having it galvanized there, it would cost more. It would cost approximately \$120 a ton in Korea as compared to approximately \$150 in the United States to galvanize it.

But the United States can lay down in Saigon a much better quality product and might be able to do it a little cheaper. It would cost about the same as sending the Japanese steel to Korea for galvanizing and then down to Saigon.

AID has been purchasing an inferior commodity; it does not help greatly when these products are put to use one year and have to be replaced in a comparatively short time.

Mr. PASTORE. Did the AID agency admit that situation?

Mr. BAYH. I must say that it has been difficult for me to get AID to admit anything. It seemed necessary to have the Accounting Office go in and subpoena the files.

Mr. PASTORE. When did the Senator do that? Was that subsequent to the hearing we had?

Mr. BAYH. Yes; after the hearing. The thing that made me doubly unhappy was that certain things given to the Senator from Rhode Island were given to me through the Government report, through AID figures.

Regarding the French report that had been made, it is a part of that classified document. As I pointed out earlier, looking at what this commodity will really cost, I think we have to take into consideration how long it is going to last.

I will read into the RECORD parts of the French study. This is not classified.

Mr. PASTORE. I would only hope that the Senator from Indiana could put documents in the RECORD showing that we could sell a better quality at a better price. If he has those figures I would be interested in any statement that would establish that fact.

Mr. BAYH. I do not have the exact figures. I have been told this and I believe them to be correct.

I shall read excerpts from the French report:

Most of them were complaining about short life of the sheets they have bought, chiefly during the rainy season. Owing to a rather low quality of material and often defective coating, all sheets used as roofs or fences are quickly losing their brightness, then attacked by rust and must be replaced within a shorter period than with iron sheets of western origin.

* * * all consumers we approached were unanimous to agree upon the fact that the price they pay for Korean sheeting is less than ever justified by the latter's quality and durability.

Mr. PASTORE. That is the GAO report?

Mr. BAYH. The French report, but it is a GAO report. This was in the AID files when the GAO at my request started investigating.

It points out further:

It is common knowledge that Korea factories are using raw iron originating from Japan, where the same product is processed chiefly from salvaged scrap and therefore gives a lower quality milled product.

In regard to the prices of commodities, we not only have to consider the prices paid, but also the fact that if we buy the commodities in the United States they will last 12 years, when the record shows that they will last only 6 months to 12 months if we buy them through the other route.

Mr. President, I have no further substantive comment to make.

I do wish, however, to state my appreciation to a number of Senators for associating themselves with me in this amendment and to Senators SYMINGTON, RANDOLPH, and HARTKE for their statements in its support.

Mr. HARTKE. Mr. President, I wish to add my support to the amendment offered by my distinguished colleague from Indiana [Mr. BAYH].

I have followed his progress on this issue closely, and I must commend him for the creditable job he has done in bringing it to the attention of not only the American public, but also the Senate. I, too, have an interest in the balance-of-payments positions of the United States and the part that steel plays in it. The Committee on Finance recently completed hearings on my resolution, Senate Resolution 149, which calls for an in-depth study of the effects of steel imports. One of the facts brought out in those hearings was that our deficit trade balance in steel accounted for 63 percent of our balance-of-payments deficit.

It is inconceivable to me that an agency of the Federal Government, in this case the Agency for International Development, should pursue a policy that directly adds to our balance-of-payments deficit. It was my understanding from listening to speeches by the President, Treasury Secretary Fowler, and Commerce Secretary Connor that one of the primary goals of this administration was the solving of our balance-of-payments deficit. It seems to me a shame that the Senate should have to devote its valuable time and effort to seeing that Federal agencies under the direct control of the administration should be forced through legislation to follow the policies of that administration.

I know of the effects of the flood of Japanese steel imports on the domestic steel industry of the United States; I know the effects of foreign cartels in allocating American markets and in fixing the prices of steel to be imported into the United States; and I will soon know the effects of our good ally, the West Germans, who have just seen fit to underwrite the sale of a steel-rolling mill to the Communist Chinese—steel that could very soon find its way into the bodies of our boys fighting in Vietnam.

With this as a background, I just cannot see why the Agency for International Development continues to follow the policy of buying steel from foreigners for our war effort in Vietnam. I therefore charge that it is the duty of the Senate to adopt the amendment under discussion.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana (No. 652).

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Missouri [Mr. LONG], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. McCLELLAN], the Senator from New Hampshire [Mr. McIntyre], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting the Senator from Nevada [Mr. CANNON] would vote "yea."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from Texas [Mr. TOWER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. PEARSON], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

On this vote, the Senator from Texas [Mr. TOWER] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 64, nays 14, as follows:

[No. 150 Leg.]

YEAS—64

Anderson	Gruening	Moss
Bartlett	Harris	Murphy
Bayh	Hartke	Nelson
Bennett	Holland	Prouty
Bible	Hruska	Proxmire
Boggs	Jackson	Randolph
Brewster	Jordan, N.C.	Ribicoff
Burdick	Jordan, Idaho	Robertson
Byrd, Va.	Kennedy, Mass.	Russell, Ga.
Byrd, W. Va.	Kennedy, N.Y.	Simpson
Case	Kuchel	Smith
Church	Lausche	Sparkman
Cotton	Magnuson	Stennis
Curtis	McGee	Symington
Dirksen	McGovern	Talmadge
Dominick	Metcalf	Thurmond
Douglas	Miller	Tydings
Eastland	Mondale	Yarborough
Ellender	Monroney	Young, N. Dak.
Ervin	Montoya	Young, Ohio
Fannin	Morse	
Fong	Morton	

NAYS—14

Aiken	Inouye	Mundt
Cooper	Javits	Pastore
Fulbright	Long, La.	Saltonstall
Hart	Mansfield	Williams, Del.
Hickenlooper	McCarthy	

NOT VOTING—22

Allott	Hayden	Pell
Bass	Hill	Russell, S.C.
Cannon	Long, Mo.	Scott
Carlson	McClellan	Smathers
Clark	McIntyre	Tower
Dodd	Muskie	Williams, N.J.
Gore	Neuberger	
Griffin	Pearson	

So Mr. BAYH's amendment was agreed to.

Mr. BAYH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the agreement, the amendment of the Senator from Kentucky [Mr. COOPER] is now in order.

Mr. COOPER. Mr. President, the amendment which I offered last Friday is the pending business. As Members of the Senate will remember, the purpose of this amendment is to authorize a 2-year authorization for development loan funds for the Alliance for Progress.

I have had two requests that I yield for brief statements, one by the Senator from New York [Mr. JAVITS] and one by the Senator from South Dakota [Mr. MUNDT].

So, Mr. President, I ask unanimous consent that I may be permitted to yield to each of them for 5 minutes, and that I may then speak again, and that it will not be charged as a second speech on my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE AIRLINES STRIKE

Mr. JAVITS. Mr. President, I asked the Senator from Kentucky to yield briefly only because we face an emergency—the airlines strike—and I think I am something of a factor in what we do about that emergency. I wish to state my views of record to the Senate prior to an executive session of the Committee on Labor and Public Welfare, which will be held this afternoon. As I am the ranking minority member of that committee, I felt justified in breaking into the debate very briefly for this purpose.

Mr. President, I am opposed to compulsory arbitration. That alternative seems to be the one which is being suggested as a solution to this dispute, and in a sense also as permanent legislation.

That suggestion seems to me to be counterproductive, Mr. President. It will result in making all collective bargaining just a holding operation, until the arbitration board or the court gets around to issuing an order establishing

what the wages and working conditions should be.

Mr. President, compulsory arbitration has been traditionally inimical to the interests and wishes of both labor and management. Neither has wanted to replace collective bargaining with some kind of governmental decree or fiat by some labor court or governmental commission. We were in a flap, at the very last minute, on the 1963 firemen's and enginemen's dispute, and for practical purposes we decided in favor of compulsory arbitration because there seemed to do nothing else to do. Mr. President, after 2 years that dispute is again before us, and may very well again result in an emergency which we are powerless to resolve.

So, Mr. President, I am opposed to compulsory arbitration. I believe, generally speaking, American business, including both labor and management, is opposed to it. It is unnecessary to impose that upon us at this stage in our national life.

As the Senator from Oregon [Mr. MORSE] was gracious enough to state, I am for the technique of seizure, based upon the need to operate critical facilities to the extent required by the public health and safety. I have sponsored legislation on that subject for a long time—legislation which would give the Government the residual authority, which a Government must have, to operate essential facilities; and Senator MORSE was gracious enough to state that he based his bill with respect to the airlines disputes upon my legislation—S. 2797.

The third alternative before us is to restore the standstill provisions of the Railway Labor Act, so that, for all practical purposes, we shall have 150 days—a total of 180, but 150 within which a commission must report. Under Senator MORSE's joint resolution introduced this morning, we shall have 180 days—the same provision, for all practical purposes, as we have in the Taft-Hartley injunction.

Labor considers injunctions anathema, but the Railway Labor Act has traditionally been accepted as a means for dealing with the problems in that industry.

Under the circumstances, as we are now completely without remedies, Mr. President, I shall express myself as favoring the Morse alternative. If his first alternative—that is, limited seizure—cannot be accepted, then the standstill seems to me the only way out.

I have risen today, however, to emphasize that this is but the briefest and most interim kind of palliative. Pan-American and American Airlines are next in line, Mr. President. The American Airlines' cooling-off period expires on Wednesday, and Pan American's soon thereafter. The teamsters, the telephone workers, General Electric, and Westinghouse follow within a matter of months after that. And, Mr. President, the railway work rules themselves are now about to cause another national emergency.

Mr. President, how long are we to remain powerless? Many of us, including Senator MORSE, myself, and others, have

matically divide up the country and give a first-class citizenship designation to those who travel within a 500-mile radius, and relegate the rest of the populace to the travel status of second-class citizenship.

Yet this is exactly what has happened with imposition of the recent FAA ruling. The citizen from Pittsburgh or New York or Boston now finds that he enjoys a little better service because the accident of geography locates him within 500 miles of Washington. He gets off his plane at Washington, D.C., and saves from 45 minutes to over an hour on his arrival time in downtown Washington.

But the citizen from Chicago, or Minneapolis or Sioux Falls or Miami, or points further West or South, will not find himself traveling more but enjoying it less, for once his plane touches down, he finds that he still is many miles from Washington and frequently, if he is from Chicago, finds that it takes him just as long to get to Washington from the airport as it did to get to the airport from Chicago. He will probably spend more time in city-to-airport ground travel than he does in the air between Chicago and Washington.

There are those who claim that the time difference is of no consequence with respect to the length of time required to reach National Airport from Washington compared to driving time to Dulles or Friendship.

If that is true, that it really makes no difference, then certainly there should be no argument against allocating more shorter flights to Dulles and Friendship airports and more longer nonstop flights to National.

If these two airports need the airline business, and the traffic is such that three airports are required to service Washington, then let us have an equitable formula which does not penalize the citizen from points in this country which are beyond, the proposed 500-mile radius.

Let us have a formula which divides the traffic on the basis of the number of flights and not on the basis of destination or point of departure.

CONVENTIONS WILL NO LONGER FAVOR WASHINGTON

Mr. President, may I respectfully suggest that there is available to the Federal Aviation Agency an equitable and workable formula for resolving the raging controversy evolving over the recent FAA proposal to isolate National Airport as a neighborhood airport instead of one serving all Americans desiring to visit our National Capitol for pleasure or business. Certainly, if Washington desires to maintain its reputation as a popular convention center for many national organizations its businessmen, hotel owners, restaurateurs, and others should be interested in applying a fairness doctrine to our airport problems.

Conventioneers and committees selecting convention sites for national organizations are not likely to look with favor on Washington if those attending these meetings are to be discriminated against in their travel plans purely on the basis of accident of geographic residence. Protests against such inhospit-

able prejudice are already reaching our Congressional offices. It is as unfair and as inequitable as though air passengers to La Guardia Airport in New York City were to be transported downtown to the city by city-leased air-conditioned buses if they live within 500 miles of New York but would have to provide their own much slower, more expensive, and less convenient downtown transportation in the event they happened to live further from New York City than 500 miles. It is easy to imagine the uproar against the city if such prejudicial provisions were provided. Mr. President, the equally unfair and prejudicial provisions proposed for implementation by the FAA will prove equally unpopular and unprofitable if they prevail at our National Capitol—the hometown of all Americans.

THERE IS AN EQUITABLE ALL-AMERICAN FORMULA AVAILABLE

Mr. President, no American will quarrel with the very proper desire of the Federal Aviation Agency to provide the maximum in safety for air travelers to National Airport. If the FAA has evidence to support a decision to limit flights at National to 44 per hour, so be it.

What the FAA should do is to establish by all evidence and experience available to it, the following demonstrable factors: Safety, as affected by the number of flights arriving and departing. Possibilities of overcrowding by the ground traffic at the airport and the related parking facilities available. The airport facilities for handling the passenger traffic in and out. Convenience of the traveling public and the capacity of airport facilities for meeting it.

The logical and equitable approach toward limiting these flights has no conceivable relation to the point of origin of the flight or the distance traveled by the plane and its passengers. It is purely a matter of density of traffic.

On the basis of these factors, Mr. President, and any other elements the FAA desires to consider the optimum number of planes per hour can be determined. After that, the flights should be allocated to the various airlines serving National by a fair, objective, and equitable formula designed to serve the travelers of the entire country—not just a few favored cities of the East and definitely not by any formula based on the points of origin or destination of the flights at Washington's National Airport.

Mr. President, in the addition to the foregoing factors, the FAA could very properly issue across-the-board restrictions against the use of National Airport by our larger jetplanes requiring runways too long for the existing runways at National. If the runways are ultimately extended, and as new jets are developed capable of using shorter runways and carrying fewer passengers than this country's largest jetplanes, these restrictions could also be lifted and replaced by the proposed formula mentioned earlier in these remarks.

However, Mr. President, nothing could be more illogical and indefensible than to try to enforce the 500-mile nonstop flight limitation based solely on geographical considerations. To endeavor to

make National Airport simply a neighborhood port, serving airlines with a plethora of shuttle flights to nearby cities, with flights every hour on the hour, is, however, as unthinkable and as indefensible as it is unfair and prejudicial. Surely, air traffic is equally dense and dangerous, whether it originates in New York City and Boston or whether it originates in Chicago, Omaha, or Minneapolis.

An agency charged with serving the Nation's interests, and supported by all the taxpayers of America, has no right to limit use of the most popular and convenient airport to nonstop flights serving our National Capital, in a charmed circle arbitrarily selected to give excellent service to some citizens, and to disrupt the travel schedules and delay the arrival times of all other Americans. I sincerely hope that the FAA will give careful, sympathetic, and favorable consideration to the sound proposals of the Air Transport Association, as indicated by the attached news-story, which I ask to have printed at this point in my remarks. I believe, also, that these proposals should be reviewed in connection with the proposed fairness doctrine which I have recommended.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AIRLINES TO ASK CURB ON FLIGHTS AT NATIONAL

(By Hugh McDiarmid)

The Air Transport Association is going to ask the Federal Aviation Agency to relax its new 500-mile limit on nonstop flights from National Airport. It will ask for a restriction in the number of flights that can use the field each hour.

The proposal, which has substantial but not unanimous support among the 13 carriers serving National, calls for a new nonstop perimeter of 650 to 1000 miles and a ceiling of 44 scheduled flights per hour.

William Martin, an official of the Air Transport Association, coordinating body for the airline industry, said that while this proposal does not have unanimous support, it appears to have more than any other except one previous suggestion that would freeze all schedules as of June 20.

This was proposed to the FAA before it announced its 500-mile ruling July 1. FAA bypassed it.

The new proposal is expected to go to FAA administrator William F. McKee today.

According to one airline spokesman, it would lead to a scheduling committee made up of airline representatives who would divide the 44 hourly flights among the carriers.

Such a committee operated several years ago for LaGuardia Airport in New York and, according to the spokesman, "their meetings were rather unpleasant affairs."

The 500-mile perimeter was decreed by McKee on July 1 to take effect Aug. 7.

Its effect would be to force passengers who want to fly nonstop to such cities as Chicago, St. Louis, Miami and Minneapolis to catch planes from Dulles and Friendship International Airports.

McKee acted following a public outcry created by the opening of National to some commercial jet traffic in April. The elimination of the ban on jets brought an upsurge of air traffic and an increase in terminal congestion.

RESULTED IN OUTCRY

Before McKee's 500-mile order nonstop flights were permitted to points within 650 miles, including Chicago and Boston, and to

eight cities up to 1,000 miles away, including St. Louis and Minneapolis.

But the new perimeter edict resulted in its own outcry, chiefly from such affected states as Illinois, Florida, Georgia, Tennessee and Minnesota.

McKee met with a delegation of Congressmen from affected states July 12 and announced that he would reexamine all alternatives. Another meeting is scheduled early next week. McKee is expected to render a final decision at that session.

MAY BACK DOWN

Airline industry sources expect McKee to back down on the 500-mile perimeter. One said yesterday it is obvious that Congressional reaction has made the perimeter "politically unacceptable" for McKee.

The basic reason for the pressure on McKee is that ground time to downtown Washington increases significantly for flights operating from Dulles and Friendship. Estimates of the difference vary from 15 to 45 minutes.

The FAA had no comment on the new proposal from the airline industry. The limit of 44 scheduled flights per hour is in line with what FAA sought when it ordered the 500-mile perimeter.

WHAT IT CAN HANDLE

In instrument weather, National Airport can handle a maximum of about 60 flights per hour. The 44 flights per hour represents the scheduled airlines' share of an historic 73-to-27 ratio between airlines and general aviation at National.

Presently National is handling an average of 100 flights per hour in good weather including general as well as commercial aviation. The number increases in peak morning and evening hours.

The airline proposal is for a maximum of 44 flights (landings and takeoffs) for any hour of the day, not including general aviation.

The mounting pressure on McKee was discussed yesterday at the monthly meeting of the National Capital Planning Commission. Acting chairman Walter C. Louchheim said, "Some Congressmen appear to be more interested in adding 15 minutes to their campaigns than in the public safety."

Louchheim announced that the NCPC's special National Airport Committee will meet next week. Paul Thiry, a Seattle architect and an NCPC member, said he hopes the special committee will consider some faster means of getting people from Dulles to Washington. He suggested a monorail and said, "You can go to Chicago in less time than it takes to come in to Washington from Friendship or Dulles."

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. COOPER. Mr. President, I have the floor, and I yield to the Senator from Florida.

Mr. SMATHERS. I thank the Senator from Kentucky.

Mr. President, I wish to commend the able Senator from South Dakota for the remarks he has made, particularly with respect to the regulation which apparently the head of the Federal Aviation Agency is thinking of putting into effect.

It seems to me unjust that those Senators and other people who live the farthest from Washington should be additionally handicapped by having to take a longer car ride or bus ride in order to get on an airplane to go that longer distance.

I have attempted to make it clear to the gentleman who is in charge of this particular program that I believe the im-

position of a 500-mile limitation for jets on the local airport would be very unfair.

I might add for the RECORD that both distinguished Senators from Wisconsin have joined me in calling the Federal Aviation Agency and making it clear that we, too, along with the Senator from South Dakota, oppose the 500-mile limit.

Mr. MUNDT. I am delighted to have this contribution, because I understand that the FAA this week is reviewing its earlier proposal, in light of the understandable storm of protests which has come into Washington from those areas which are selected out by this 500-mile nonstop limitation, which would compel many people to undergo the penalty of slower transportation simply because of geographic residence.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. COOPER. I yield to the Senator from Massachusetts, with the understanding that I do not lose the floor.

Mr. SALTONSTALL. Mr. President I appreciate the generosity of the Senator from Kentucky in yielding to me, so that I may state my support for his amendment to the foreign assistance bill, which would provide for a 2-year limitation for the Alliance for Progress in Latin America. I do so because we have a special relationship in Latin America. We have been working to improve that relationship over the years.

This program was started in 1960, and we renewed it in 1962 for 4 years. Now the committee has only recommended a 1-year extension.

Mr. President, I supported a 2-year extension for development loans and for the Alliance for Progress. That proposal was defeated. Now we have it for the Alliance for Progress alone.

Possibly, an added reason exists for the committee recommending the authorization of the full amount of the request for the Alliance for Progress program. I believe that is an indication that the committee puts it on a somewhat differing footing than the development loans and Alliance for Progress together.

Three Presidents have recognized the importance of our relationship with the Latin American countries. The committee has put additional safeguards in its recommendation. I believe it is important that we continue this friendship, and show that we value working with Latin American countries in their development, for our mutual interest in the days to come.

So I join with the Senator from Kentucky, in supporting his amendment to make this a 2-year authorization rather than just a 1-year authorization.

I thank the Senator for permitting me to make this statement.

Mr. COOPER. Mr. President, I thank the distinguished Senator from Massachusetts for his statement and for his

support. In a short time, he has advanced convincing reasons why this modest proposal should be adopted.

Last Friday, Mr. President, I called up this amendment, which provides for a 2-year authorization of development loan funds for the purposes of the Alliance for Progress, in its particular section of the bill. I know that Senators understand the arguments that will be made for and against the proposed amendment, so I do not believe that the discussion should take much time.

From the beginning, as the record shows, the program to assist Latin America, known as the Alliance for Progress, was intended to be a long-term effort. The original act of assistance, voted by the Congress under the administration of President Eisenhower, makes this intention clear. This Latin American Development Act was enacted on September 8, 1960.

Following this act of Congress and the declaration called the Act of Bogota, the representatives of the American Republics later agreed in 1961 to the charter of Punta del Este, establishing an Alliance for Progress within the framework of the Organization of American States. Except for Cuba, every Latin American country joined with us in the adoption of this charter.

This plan was implemented under the administration of President Kennedy. In a speech to the diplomats of the Latin American republics, after he came into office, President Kennedy indicated the desire of his administration to carry on the idea of an Alliance for Progress, which he said was instituted on an Inter-American scale by President Eisenhower.

When President Johnson came into office, in a short time he announced strong support for this program. Again and again, when statements and speeches were made, they referred to the progress which could be made in the decade. Five years have passed since 1960, and the decade does not end until 1970.

The first authorization for assistance to the Alliance for Progress, made in 1962, was for 4 years, ending July 1, 1966, and the amount authorized is about to expire.

It can be said that the first authorization, beginning with the \$500 million requested in 1961 under the Latin American Development Act, and followed by the 4-year program adopted in 1962, covered the first 5 years of authority.

The President asked the Congress this year to approve a second 5-year authorization. The House of Representatives has approved that request, and the Committee on Foreign Relations has now recommended a 1-year authorization for the Alliance for Progress in the bill before the Senate.

My amendment, which I think is rather modest, would authorize for 2 years the assistance furnished through development loans without changing the level of the authorization provided in the committee bill for this fiscal year or the next fiscal year.

I should think, considering the history of the Alliance for Progress, the intended program and the accomplishments that we have seen, that the au-

thorization should be for longer than 2 years. With the temper of the Senate, as expressed on amendments in the last few days, I do not think that will be done, but I do believe there is interest in restoring a better long-term basis to this program which bears on our own hemisphere.

A few days ago the Senate defeated the amendment offered by the Senator from Wyoming [Mr. McGEE] which would have provided a general 2-year authorization for all of the programs in the bill; and later an amendment offered by the Senator from Ohio [Mr. LAUSCHEL], giving 2-year authorization for some of the programs in the bill, was also defeated.

I do not believe that the arguments that were made against those amendments, and the assumptions upon which they were based, apply to the Alliance for Progress.

The Committee on Foreign Relations and Congress have been critical of the foreign aid program, and I think correctly so. Unless provision is made for more effective use of aid funds, and for reform and revisions of the aid program to achieve better use of these funds, I believe the overall program will not achieve the greater support and effectiveness that is desired.

The committee has also called again and again, as has the entire Congress, upon other countries to assist in sharing the burden of foreign aid.

In regard to the Alliance, I believe that our insistence that other countries should assist in our aid program has had a response, so far as Latin America and the Alliance for Progress are concerned.

The urgency has provided the Congress information which shows that the Inter-American Development Bank has approved loans of more than \$1.5 billion to Latin American countries since 1961, while the World Bank has also sharply increased its lending to these countries since 1964. Additionally, contributions to the Alliance from the other free world countries that are members of the Development Assistance Committee of the OECD averaged \$203 million in 1961, 1962, and 1963, with 1964 and later figures showing increases of some 10 percent above earlier levels.

In the information supplied the committee during hearings on this bill, detailed figures on the total current assistance going to Latin America were given. The grand total for fiscal 1966 was said to include almost \$900 million from international organizations and agencies.

These figures do not take into account the efforts made by individual countries and allies. Some of these efforts may also be seen by the various means, in 1965 and 1966, whereby the United Kingdom, Canada, West Germany, Italy, Netherlands, and Spain made available loans for the purchase of bonds in the amount of nearly \$100 million to the Alliance for Progress.

Two or three days ago, after the Senate had reviewed a 2-year authorization for all countries, I also read an article in the New York Times saying that Canada was reducing its interest rate and pro-

viding a longer grace period for any loan it would make through the Alliance for Progress.

As I understand it, the Alliance for Progress is unique in another way. The Alliance provides that at least 50 percent of its development loan funds shall be used to stimulate and encourage the investment by private enterprise. In this regard, I note in the hearing that the Senator from Oregon [Mr. MORSE] questioned Mr. Gordon at some length about the results of the Alliance in encouraging private investment or largely private investment in Latin America.

From the information supplied in the hearings, the accumulated U.S. private investment alone in Latin America since the Alliance for Progress was initiated was shown to have increased year by year. The last available exact figures were for 1964, when this cumulative total U.S. investment portion was approaching \$14 billion.

My second point is that the committee has insisted—particularly the chairman—that a larger part of our aid should be channeled multilaterally through international lending institutions. The committee makes that a very strong point in its report, and I think that most Senators agree with this objective.

In the committee report it is pointed out that this aim and objective is being accepted with respect to the Alliance for Progress. I shall read from page 14 of the report:

Second, the section would authorize the transfer of up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank or to the World Bank or its affiliates. This is analogous to the authority presently existing in section 205 for the transfer of development loan funds to the World Bank or its affiliates.

The President would be given discretion to transfer loan funds for distribution through the international lending agencies, whereas under the amendment to section 205 of the act contained in section 102(a) (2) of this bill, relating to the development loan program, 15 percent of the funds appropriated would be available only for transfer to the international institutions.

Under this authority, if Congress appropriates the full appropriation for the Alliance for Progress the President could transfer up to \$81,450,000 to the Inter-American Development Bank or the World Bank group for use in Latin America; that would be out of an authorization of \$543 million. I make the point that the committee has provided in the bill for the multilateral objective that it so strongly argues.

I assume that the major argument that has been made against a further term of authority for the Alliance, and is also made against the whole foreign aid program, is simply that it is not effective and not making the progress that was intended by the Congress and by our country, and that steps should be taken to make it more effective before an authorization longer than 1 year should be made.

In response to that argument, I should say that the committee has written into the bill stricter controls upon the use of our funds made available through the Alliance for Progress to insure better planning, and to assure that these funds

would be used not only for national purposes but to bring about a closer economic integration of the countries of Latin America.

The committee has provided, and I shall read from page 14 of the report:

First, it would provide that Alliance for Progress loans may be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP). The effect would be that before a country could participate fully in the Alliance it would have to make a national economic plan which would be approved by the Alliance's international body. CIAP would not be given the power to control American aid; it would be given only a limited veto in the sense that if it did not approve a country's plan, that country could receive no U.S. loans. CIAP, consisting of six distinguished Latin Americans and one North American, is in a better position than AID or the State Department to insist on rigorous Latin American compliance with the standards of the Alliance. The requirement would not apply to grant aid; i.e., to technical assistance or to emergency assistance to meet unforeseen contingencies.

Mr. President, that is what the Committee on Foreign Relations has written into its bill, this stricter control upon the use of funds provided a country. As I say, it is to assure a more effective national plan, to assure a plan which would encourage integration of the economies of Latin America.

Finally, as I said, the argument is made with respect to many countries that the overall aid program is not tight and effective. I am sure it is made properly, and I have made this argument in the past; in fact, beginning in 1958, I have offered many proposals to make the foreign aid program more effective, and none have been written into the bills for the Foreign Assistance Act in earlier years.

Again, I want to say that reforms in the overall program are required, and I hope the agency will do all that the Congress directs, but I would call attention to the comments about the alliance in the report on this bill.

The committee reports that the Alliance for Progress is making considerable progress. I read from page 15 of the report:

The committee has approved a 1-year authorization of \$543 million, the amount of the appropriation request, for the Alliance for Progress. Of this amount, \$87,700,000, also the appropriation request, will be available for grants. The administration requested an authorization of \$850 million for each of the next 5 fiscal years and proposed that \$100 million of this amount be authorized to be available annually for grants.

The fact that the Alliance for Progress is the only major non-U.N. aid program which the committee did not cut demonstrates the committee's support for the program. Although the results over the last 5 years have not been as dramatic as we and our Latin American partners would have liked, there has been considerable progress and the committee believes that the results justify authorization of the full amount of the budget request.

I have no doubt that there have been some defects in the program. I have no doubt that there has been some waste. I have no doubt that a great deal more progress could have been made.

The report states that the Alliance for Progress joined a regional and continen-

tal program—almost a complete hemispheric program—into which the Latin-American countries have entered, with the exception of Cuba. The United States has also entered and has fostered this spirit of cooperation, with the intention of carrying it forward.

The Alliance has made progress. I think it would be a grave error to place the program under a 1-year authorization and thus raise doubts among the countries making their efforts against great difficulties. I believe we should encourage these nations to continue to make the effort to secure the economic growth and governmental reforms that are needed, and which we want to see occur rapidly and regularly.

When questioned by the Senator from Vermont [Mr. Aiken] in the hearings, Mr. Gordon, the Assistant Secretary for Inter-American Affairs, stated that there had been an increase in the rate of economic growth since the Alliance for Progress was instituted, that in the past 3 years it had met the target of a 2½-percent rate of growth per year.

Mr. President, I will not take the time today to place in the RECORD the list of all of the kinds of progress which have been achieved in the Alliance program as they have been thoroughly documented in the reports given to the committee and in information which appears in the record of hearings.

When I called up my amendment in the Senate last Friday, I noted some of these areas of change and improvement, among which tax reform well points up internal self-help action. A recent report of the AID speaks of this reform, and I read from it:

Comprehensive tax collections improvements have been implemented by five countries while four others have concentrated on the administration and development of better tax systems. Currently, the Internal Revenue Service has teams in 18 countries to assist in these self-help efforts. Among the accomplishments of the program are the following: 11 countries are working on such management improvements as the reorganization of their tax agencies and revenue accounting systems; effective programs for the audit and investigation of tax returns have been or are being established in 13 countries; in-country training organizations have been established in 11 countries. Total tax revenues increased 26% in Latin America in the last five years.

Savings have also increased in Latin America to a marked degree, and we know that savings are the basis for investment by peoples in the countries themselves to improve their industrial and agricultural growth. These savings have grown almost \$2.5 billion in 5 years and they provide a steadily increasing share of domestic resources to go to local development.

Progress has also been made in the fields of social reform, education, basic development, and health, and I ask unanimous consent that statistics prepared by the Agency for International Development on July 1 of this year be printed at this point in the RECORD.

There being no objection, the statistics were ordered to be printed in the RECORD, as follows:

EDUCATION

Textbooks: Textbooks distributed to Latin American countries totaled about 14,268,000 at the end of fiscal year 1966; 9,173,000 have been distributed during the past two years.

Classrooms Constructed: AID-assisted classrooms construction has continued with the number completed in fiscal year 1965 and fiscal year 1966 equaling that of the previous three-year period; in all, a total of 27,000 units have been built.

School Enrollment: AID-assisted teacher training courses have been completed by 8,700 and 9,000 teachers in fiscal years 1965 and 1966, respectively, with more than 38,000 teachers having graduated from such program since their inception. Also, more than 100,000 teachers have profited from in-service training sessions financed all or in part by AID.

AGRICULTURE

More than 1,130,000 acres of land have been newly irrigated under AID projects. Also, 387,000 acres have been reclaimed by clearing and draining. Fertilizers provided under AID programs in fiscal year 1965 totaled more than 72,000 nutrient tons, of which 38,000 nutrient tons were produced locally.

Supervised agricultural credit loans totaling \$337 million have been extended to \$682,000 persons through fiscal year 1966. From fiscal year 1962 through fiscal year 1964 loans totaled \$81.5 million; in fiscal year 1965 the amount was \$108 million and in fiscal year 1966, \$147 million.

HOUSING

Housing constructed through AID financing in fiscal year 1965 and fiscal year 1966 have exceeded 132,000 units, providing better living conditions for approximately 790,000 people. Savings and loan systems to capture savings for investment in housing are succeeding. By December 1965, 90 savings and loan associations with 360,000 members had been established in Latin American countries. Homes financed totaled 41,000 while net savings were \$113 million.

HEALTH

Approximately 1,200 health centers are now in operation as compared with 686 in July 1964. Mobile health units during the same period increased from 61 to 88. Vaccinations against measles, smallpox, and cholera have been given to approximately four million people at the close of fiscal year 1966, malaria eradication programs protect 100 million persons.

More than 2,700 rural wells and 1,170 potable water supply systems serving 14,500,000 have been completed at the end of fiscal year 1966.

CREDIT UNIONS

In September 1962, when AID first began its efforts to establish credit unions, there were 432 with 124,000 members and accumulated savings of slightly more than \$4 million. As of December 1965, 1,930 credit unions were in operation serving more than 457,000 members with savings of \$30 million. Loans totaled \$29 million.

MILES OF ROAD BUILT OR IMPROVED

More than 14,000 miles of roads were built or improved under AID-assisted programs through fiscal year 1966.

Mr. COOPER. Mr. President, many of the cities and private organizations in this country have also been stirred and been sympathetic to the efforts of the people of the continent of South America to move forward and have joined in collaborating with that effort. They have made contributions. They have joined sister cities and both have received great benefits from that mutual collaboration and cooperation.

Farm organizations and rural electrical cooperatives have joined in a mutual effort with similar organizations in Latin America to improve agriculture, and to improve cooperatives in those countries. There is a wealth of information to show that progress has been made, perhaps not all that should have been made, but enough to warrant our confidence and a larger measure of our future intentions.

Thus, Mr. President, I have introduced the amendment, because the Alliance for Progress does seem to have different characteristics from the groupings of our other recipients.

I have said that it is multinational. It is continental. It is hemispheric. It brings together a group of nations in the hemisphere which, if they are not alike culturally, do have many historical similarities and experiences, and with whom we have enjoyed long association.

It may be argued this this 1 additional year will not make much difference. I would say, however, that when our countries have joined together, under three Presidents, to look ahead to this association, this country ought to maintain the motivation and impact of the Alliance. One year only could discourage those countries which are beginning to make an effective effort and it could cast some doubt upon the good faith of the statements that have been made, not only by three Presidents of the United States, but the Congress of the United States in the bills that it has enacted.

I should like to note as I close, the statements of three Presidents. The first, as I have said, was by President Eisenhower, when the Act of Bogotá was signed by the United States and countries of Latin America. In that year, 1960, Congress enacted a law relating to assistance for Latin American countries, setting forth longtime goals, and authorized \$500 million for the development program.

President Kennedy, when he became President, in speaking about his policy to the diplomats from the Latin American countries, talked eloquently of the goals of their countries and ours in 1961.

I ask unanimous consent to place in the RECORD his speech.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY PRESIDENT JOHN F. KENNEDY AT A WHITE HOUSE RECEPTION FOR MEMBERS OF CONGRESS AND FOR THE DIPLOMATIC CORPS OF THE LATIN AMERICAN REPUBLICS, MARCH 13, 1961

It is a great pleasure for Mrs. Kennedy and for me, for the Vice President and Mrs. Johnson, and for the Members of Congress to welcome the Ambassadorial Corps of our Hemisphere, our long time friends, to the White House today. One hundred and thirty-nine years ago this week the United States, stirred by the heroic struggle of its fellow Americans, urged the independence and recognition of the new Latin American Republics. It was then, at the dawn of freedom throughout this hemisphere, that Bolivar spoke of his desire to see the Americas fashioned into the greatest region in the world, "greatest," he said, "not so much by virtue of her area and her wealth, as by her freedom and her glory."

Never in the long history of our hemisphere has this dream been nearer to fulfillment, and never has it been in greater danger.

The genius of our scientists has given us the tools to bring abundance to our land, strength to our industry, and knowledge to our people. For the first time we have the capacity to strike off the remaining bonds of poverty and ignorance—to free our people for the spiritual and intellectual fulfillment which has always been the goal of our civilization.

Yet at this very moment of maximum opportunity, we confront the same forces which have imperiled America throughout its history—the alien forces which once again seek to impose the despotisms of the Old World on the people of the New.

I have asked you to come here today so that I might discuss these challenges and these dangers.

We meet together as firm and ancient friends, united by history and experience and by our determination to advance the values of American civilization. For this New World of ours is not a mere accident of geography. Our continents are bound together by a common history, the endless exploration of new frontiers. Our nations are the product of a common struggle, the revolt from colonial rule. And our people share a common heritage, the quest for the dignity and the freedom of man.

The revolutions which gave us birth ignited, in the words of Thomas Paine, "a spark never to be extinguished." And across vast, turbulent continents these American ideals still stir man's struggle for national independence and individual freedom. But as we welcome the spread of the American revolution to other lands, we must also remember that our own struggle—the revolution which began in Philadelphia in 1776, and in Caracas in 1811—is not yet finished. Our hemisphere's mission is not yet completed. For our unfulfilled task is to demonstrate to the entire world that man's unsatisfied aspiration for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions. If we can do this in our own hemisphere, and for our own people, we may yet realize the prophecy of the great Mexican patriot, Benito Juarez, that "democracy is the destiny of future humanity."

As a citizen of the United States let me be the first to admit that we North Americans have not always grasped the significance of this common mission, just as it is also true that many in your own countries have not fully understood the urgency of the need to lift people from poverty and ignorance and despair. But we must turn from these mistakes—from the failures and the misunderstandings of the past to a future full of peril, but bright with hope.

Throughout Latin America, a continent rich in resources and in the spiritual and cultural achievements of its people, millions of men and women suffer the daily degradations of poverty and hunger. They lack decent shelter or protection from disease. Their children are deprived of the education or the jobs which are the gateway to a better life. And each day the problems grow more urgent. Population growth is outpacing economic growth—low living standards are further endangered—and discontent—the discontent of a people who know that abundance and the tools of progress are at last within their reach—that discontent is growing. In the words of José Figueres, "once dormant peoples are struggling upward toward the sun, toward a better life."

If we are to meet a problem so staggering in its dimensions, our approach must itself be equally bold—an approach consistent with the majestic concept of Operation Pan America. Therefore I have called on all people of the hemisphere to join in a new Alliance for Progress—*Alianza para Progreso*—a vast cooperative effort, unparalleled in magnitude

and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools—*techo, trabajo y tierra, salud y escuela*.

First, I propose that the American Republics begin on a vast new Ten Year Plan for the Americas, a plan to transform the 1960's into a historic decade of democratic progress.

These 10 years will be the years of maximum progress—maximum effort, the years when the greatest obstacles must be overcome, the years when the need for assistance will be the greatest.

And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience. The living standards of every American family will be on the rise, basic education will be available to all, hunger will be a forgotten experience, the need for massive outside help will have passed, most nations will have entered a period of self-sustaining growth, and though there will be still much to do, every American Republic will be the master of its own revolution and its own hope and progress.

Let me stress that only the most determined efforts of the American nations themselves can bring success to this effort. They, and they alone, can mobilize their resources, enlist the energies of their people, and modify their social patterns so that all, and not just a privileged few, share in the fruits of growth. If this effort is made, then outside assistance will give vital impetus to progress; without it, no amount of help will advance the welfare of the people.

Thus if the countries of Latin America are ready to do their part, and I am sure they are, then I believe the United States, for its part, should help provide resources of a scope and magnitude sufficient to make this bold development plan a success—just as we helped to provide, against equal odds nearly, the resources adequate to help rebuild the economies of Western Europe. For only an effort of towering dimensions can ensure fulfillment of our plan for a decade of progress.

Secondly, I will shortly request a ministerial meeting of the Inter-American Economic and Social Council, a meeting at which we can begin the massive planning effort which will be at the heart of the Alliance for Progress.

For if our Alliance is to succeed, each Latin nation must formulate long-range plans for its own development, plans which establish targets and priorities, ensure monetary stability, establish the machinery for vital social change, stimulate private activity and initiative, and provide for a maximum national effort. These plans will be the foundation of our development effort, and the basis for the allocation of outside resources.

A greatly strengthened IA-ECOSOC, working with the Economic Commission for Latin America and the Inter-American Development Bank, can assemble the leading economists and experts of the hemisphere to help each country develop its own development plan—and provide a continuing review of economic progress in this hemisphere.

Third, I have this evening signed a request to the Congress for \$500 million as a first step in fulfilling the Act of Bogotá. This is the first large-scale Inter-American effort, instituted by my predecessor President Eisenhower, to attack the social barriers which block economic progress. The money will be used to combat illiteracy, improve the productivity and use of their land, wipe out disease, attack archaic tax and land tenure structures, provide educational opportunities, and offer a broad range of projects designed to make the benefits of increasing abundance available to all. We will begin to commit these funds as soon as they are appropriated.

Fourth, we must support all economic integration which is a genuine step toward

larger markets and greater competitive opportunity. The fragmentation of Latin American economies is a serious barrier to industrial growth. Projects such as the Central American common market and free trade areas in South America can help to remove these obstacles.

Fifth, the United States is ready to cooperate in serious, case-by-case examinations of commodity market problems. Frequent violent change in commodity prices seriously injure the economies of many Latin American countries, draining their resources and stultifying their growth. Together we must find practical methods of bringing an end to this pattern.

Sixth, we will immediately step up our Food for Peace emergency program, help establish food reserves in areas of recurrent drought, help provide school lunches for children, and offer feed grains for use in rural development. For hungry men and women cannot wait for economic discussions or diplomatic meetings—their need is urgent—and their hunger rests heavily on the conscience of their fellow men.

Seventh, all the people of the hemisphere must be allowed to share in the expanding wonders of science—wonders which have captured man's imagination, challenged the powers of his mind, and given him the tools for rapid progress. I invite Latin American scientists to work with us in new projects in fields such as medicine and agriculture, physics, and astronomy, and desalinization, to help plan for regional research laboratories in these and other fields, and to strengthen cooperation between American universities and laboratories.

We also intend to expand our science teacher training programs to include Latin American instructors, to assist in establishing such programs in other American countries, and translate and make available revolutionary new teaching materials in physics, chemistry, biology, and mathematics, so that the young of all nations may contribute their skills to the advance of science.

Eighth, we must rapidly expand the training of those needed to man the economies of rapidly developing countries. This means expanded technical training programs, for which the Peace Corps, for example, will be available when needed. It also means assistance to Latin American universities, graduate schools, and research institutes.

We welcome proposals in Central America for intimate cooperation in higher education—cooperation which can achieve a regional effort of increased effectiveness and excellence. We are ready to help fill the gap in trained manpower, realizing that our ultimate goal must be a basic education for all who wish to learn.

Ninth, we reaffirm our pledge to come to the defense of any American nation whose independence is endangered. As its confidence in the collective security system of the OAS spreads, it will be possible to devote to constructive use a major share of those resources now spent on the instruments of war. Even now, as the government of Chile has said, the time has come to take the first toward sensible limitations of arms. And the new generation of military leaders has shown an increasing awareness that armies cannot only defend their countries—they can, as we have learned through our own Corps of Engineers, they can help to build them.

Tenth, we invite our friends in Latin America to contribute to the enrichment of life and culture in the United States. We need teachers of your literature and history and tradition, opportunities for our young people to study in your universities, access to your music, your art, and the thought of your great philosophers. For we know we have much to learn.

In this way you can help bring a fuller spiritual and intellectual life to the people of the United States—and contribute to

understanding and mutual respect among the nations of the hemisphere.

With steps such as these, we propose to complete the revolution of the Americas, to build a hemisphere where all men can hope for a suitable standard of living, and all can live out their lives in dignity and in freedom.

To achieve this goal political freedom must accompany material progress. Our Alliance for Progress is an Alliance of free governments, and it must work to eliminate tyranny from a hemisphere in which it has no rightful place. Therefore let us express our special friendship to the people of Cuba and the Dominican Republic—and the hope they will soon rejoin the society of free men, uniting with us in common effort.

This political freedom must be accompanied by social change. For unless necessary social reforms, including land and tax reform, are freely made—unless we broaden the opportunity for all of our people—unless the great mass of Americans share in increasing prosperity—then our alliance, our revolution, our dream, and our freedom will fail. But we call for social change by free men—change in the spirit of Washington and Jefferson, of Bolívar and San Martín—not change which seeks to impose on men tyrannies which we cast out a century and a half ago. Our motto is what it has always been—progress, yes, tyranny no—*progreso si, tiranía no!*

But our greatest challenge comes from within—the task of creating an American civilization where spiritual and cultural values are strengthened by an ever-broadening base of material advance—where, within the rich diversity of its own traditions, each nation is free to follow its own path towards progress.

The completion of our task will, of course, require the efforts of all governments of our hemisphere. But the efforts of governments alone will never be enough. In the end, the people must choose and the people must help themselves.

And so I say to the men and women of the Americas—to the *campesino* in the fields, to the *obrero* in the cities, to the *estudiante* in the schools—prepare your mind and heart for the task ahead—call forth your strength and let each devote his energies to the betterment of all, so that your children and our children in this hemisphere can find an ever richer and a freer life.

Let us once again transform the American continent into a vast crucible of revolutionary ideas and efforts—a tribute to the power of the creative energies of free men and women—an example to all the world that liberty and progress walk hand in hand. Let us once again awaken our American revolution until it guides the struggle of people everywhere—not with an imperialism of force or fear—but the rule of courage and freedom and hope for the future of man.

Mr. COOPER. Mr. President, at one point President Kennedy said:

I propose that the American republics begin a vast new 10-year plan for the Americas, a plan to transfer these years into a historic decade of democratic progress. These 10 years will be the years of maximum progress, maximum effort, the years when the greatest obstacles must be overcome, the years when the need for assistance will be the greatest. And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark a new era in American experience.

Then when President Johnson became President, he said, on November 26, 1963, 4 days after the tragic death of President Kennedy:

I have come to reaffirm the Alliance and to pledge all energies of my government to our common goals.

This year he said:

We recognize that fulfillment of all our goals will require continuation of our joint efforts beyond 1971. . . . Self-help and mutual aid will be yardsticks in determining the scope of our contribution.

That is a very limited statement of the historical background of this Alliance for Progress. As I have said in my discussion of it, the benefits that have flowed from it have been limited in some fields but very encouraging in others. In our consideration of the foreign aid bill this year, there have been departures, and I believe we have a responsibility to give this program the chance we have promised it and our neighbor nations.

I find no fault at all with trying to make the AID program more effective, to reform it, to assure that the recipient countries exercise more self-help and do a better job themselves. As I have said, I have proposed such provisions in the past. But I believe, out of a respect for Latin America, with the record of the committee itself, we ought to give this proposal very careful consideration. I hope that we can maintain the position we asserted in 1960 under President Eisenhower, and in 1961 and 1962 under President Kennedy, and which has been reaffirmed since that time under President Johnson, to give our member nations of the hemisphere assurance of our continued cooperation, so as to effect progress and further reforms in Latin America. Adoption of the amendment will give momentum to this great alliance, and to our purposes.

I do want to note one other argument which has been made in this debate I think has no relevance to the alliance. It is evident that a part of the opposition to the AID program is the result of dissatisfaction with the situation in Vietnam. It is argued that our AID program will lead to commitments, or claims of commitments, such as have been asserted for our actions in Vietnam.

I am not now arguing the merits of that issue, but it seems to me rather ironic that those who argue that we have advanced or adopted a new policy based upon force should advocate that we discard, that we leave, that we cripple a peaceful arm of our foreign policy, in our own hemisphere.

This program has provided a constructive arm and one that is of assistance in developing nations with common goals. I think this is true in Latin America, as well as in a number of countries we assist, and I can see no real argument that the continuance of our support of the Alliance for Progress will involve us in military adventures in Latin America.

Therefore, upon the arguments that I have made, some of which the Senate has heard before, I hope very much the amendment will be adopted.

Mr. MORSE. Mr. President, I want to make a brief reply to my friend from Kentucky [Mr. COOPER] before I leave to go to the Labor and Welfare Committee to see if we can take some emergency legislative action on the great airlines emergency that confronts the country.

I think the Senate would make a great mistake if it adopted the amendment of

the Senator from Kentucky. The Senator from Kentucky and I have worked very closely in the Senate over the years in our mutual interest for the Alliance for Progress program. I have respect for his views and appreciation for his help.

As the Senator knows, I have served as chairman of the Subcommittee on Latin American Affairs of the Committee on Foreign Relations. I am a strong supporter for the Alliance for Progress program. I hope we may continue to contribute to investing, or aiding—whatever term one wants to use—in the program, but I think it would be a great mistake to authorize the program for beyond a year, as recommended by the Senate committee, by a roll call vote of 11 to 6. This provision was fully considered and adopted in the Senate committee after we had the benefit of the testimony of the witnesses in the public hearings, and also additional information that was sought that does not appear in the written record of the committee hearings.

Then I think the Senate should take into account the fact that the House provision for the Alliance for Progress, as pointed out by the Senator from Kentucky, is a 5-year provision; and we all know we are going to conference. Although I think the Senate conferees should hold out for the 1-year provision, for reasons I shall state in a moment, as parliamentary realists, we all know that the odds favor a final settlement somewhere between 1 year and 5 years. I believe that the Senator from Kentucky should wait for the conference, rather than seeking to bind the Senate conferees with a starting point of 2 years. There will be a good many other matters in conference also. But I wish to speak on the merits of the matter for just a moment.

Mr. COOPER. Mr. President, will the Senator yield? The Senator from Oregon has been most kind in not interrupting my presentation, but I should like to comment on that point.

Mr. MORSE. I yield.

Mr. COOPER. I know that the argument has been made and will be made, why should the Senate do anything on this authorization? Why should it increase it to 2 years? It is said that in the conference there will be, perhaps, a coming together of the conferees at some point.

That could possibly be true. But I offer this amendment for another reason also. I recognize that in the conference, there might be agreement on 2 years or 3 years. I do not know.

But I would be sorry if the Senate of the United States, acting for itself, upon its own motion, would not express its continued support for the Alliance for Progress. That is the reason I hope the Senate will agree to this amendment—to show that we, too, have understanding of the purposes and meaning of the Alliance. I would hope that the Senate will help to recall that this Congress has taken such action in the past, and that we are not running away from it, and to recall that three Presidents of the United States, with the great prestige of their office, asked this body to give this

kind of promise and hope to these countries.

I would rather have us take affirmative action on this floor than let the issue be threshed out in the conference room at some later date.

Mr. MORSE. The Senator from Kentucky, in his argument, loses me completely. I do not know what a 2-year authorization has to do with whether or not we support the Alliance for Progress. A 1-year authorization is support for the Alliance for Progress. If we did not support it, we would exclude it. I think that is a very weak argument, that we ought to adopt the Senator's amendment providing for a 2-year authorization as an announcement to the world that we support the Alliance for Progress.

I say we will strengthen the Alliance for Progress, in my judgment, if we adopt a 1-year authorization rather than a 2-year authorization, for I think a 2-year authorization will give opportunity for certain forces in Latin America—for reasons I shall point out momentarily—to weaken the Alliance for Progress.

But let me point out what the House minority, in its minority report, said about this matter:

There are signs that the Alliance needs considerable strengthening because needed reforms are not forthcoming sufficiently fast enough to prevent economic stagnation, which in turn breeds political and social chaos. For example, only 7 of the 19 Latin Republics achieved their 1964 goal of increasing per capita income by 2.5 percent; only 9 passed tax reforms; only 12 adopted land reforms; and only 9 instituted savings and loan legislation.

We commend those countries south of our border which have successfully, to date, repulsed Communist subversion. Latin America supported the U.S. position on Red China at the 20th session of the General Assembly last fall. It was the only geographic area of the world that stood almost totally with us.

Still, AID's present handout program is not providing the solution. The New York Times survey of the economy of the Americas, dated January 28, 1966, summarized it well in an article entitled "For Latin America, Progress is Painful." Rather than lack of funds, the difficulty stems from lack of good projects. In the absence of these, the United States makes "program loans" which is simply a device to provide cash for a country to pay for its imports. Separate and apart from the detrimental effect this has on the U.S. balance of payments, it has a damaging effect on the country's economy. There has been considerable criticism from bankers, economists, and Government officials that the debt burden resulting from our aid programs in many instances is more than the countries can stand and will be a source of trouble in future years.

Dissatisfaction with the administration's handling of the Alliance program arose from another source when last April a panel of international economic experts (the so-called nine wise men) established by the original charter of the Alliance resigned. The group asserted that it had lost its independence and that there was too much dominance of the Alliance by the United States.

To sum up the major problems—

While there has been economic growth in all countries, the population increase has blunted the effect of the economic growth rate.

Private investment, discouraged in some Latin American countries by unwise fiscal and monetary policies is not moving in fast enough and flight of private domestic capital

is continuing. The voluntary restraints imposed by the administration on the business community in an attempt to solve our gold problem works against the admitted need for more private investment.

Unstable political and economic institutions remain a fundamental problem.

The bureaucratic processes of AID has caused resentment and scorn on the part of many responsible Latin American officials.

The Organization of American States has yet to become a truly regional collective security organization thereby rendering the OAS ineffective in closing the "collective security gap" in the Western Hemisphere.

The administration of the Alliance is admittedly worsening. This does not seem to be the time, with the problems that beset the Alliance, to lessen congressional review.

I believe that the Foreign Relations Committee, having approved a 1-year authorization by a vote of 11 to 6, is entitled to the confidence of the Senate in a 1-year authorization, rather than 2 or more years. In fact, if we were to provide for 1 year for the other countries of the world—and some of them also, that we are aiding, are very much underdeveloped—and 2 years for Latin America, we would not create good will by that kind of discrimination, either. I believe this should be a uniform program of authorization for all of our aid recipients.

The Senator from Kentucky has spoken of Canada providing grants and interest-free loans.

The contribution that Canada makes to Latin America is a pittance compared with that which the American taxpayers are making. I will be more interested in using Canada as a basis for support for a 2-year authorization if Canada will join the Organization of American States, come in and be a partner with us, and stop standing on the sidelines as an observer so that she can keep herself in a free-wheeling position, which she has. We know some of the problems that we have had with Canada vis-a-vis Latin America. We know what little cooperation we received from Canada with regard to the problems of Cuba. We know to what extent Canada has continued to supply spare parts to Cuba. That is her sovereign right, but it does not make me, let me say, run up the Canadian flag and point to it as a basis for supporting a different policy for the United States in Latin America.

I say further that I would have my friend the Senator from Kentucky and other Senators read and thoroughly examine the penetrating report that the Senator from Alaska [Mr. GRUENING], who is in the Chamber, has submitted to the Senate in connection with foreign aid in Chile. If I were not hastening to another meeting, I would read part of it, but I shall only ask unanimous consent that I may have the privilege of having printed in the RECORD following my remarks some excerpts of the report of the Senator from Alaska in regard to the administration of foreign aid in Chile. Chile is one of our best friends and one of the more democratic countries in Latin America.

Chile has some very serious problems. May I say that there is a lot that can be done by AID people to improve the administration of foreign aid money even in Chile.

Mr. President, I ask unanimous consent that certain excerpts from my minority views in which I quoted from Senator GRUENING's report.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, I think it is well known that the years of dedicated service that I have given now to the development of the Alliance for Progress program was infinitesimal compared with what the then Senator from Massachusetts and later President of the United States, as a member of my subcommittee, devoted to the Alliance for Progress program.

It is my interpretation and my feeling—and it motivates me—that, of course, one can go back to the remarks of any President and pick out an excerpt here or a quotation there about his support for a great program, and then come in and use that quotation as though it had a cause to effect relationship in logic for the support of a 2-year authorization. I call that an irrelevant argument and a complete non sequitur.

We do not have the views of the President referred to in regard to what his position would be. On the basis of the facts, he might very well support more than a 2-year program.

Mr. President, it happens to be our responsibility in the Senate to come to the judgment that we think we ought to reach before we cast our vote as to whether it ought to be 1 year, 2 years, or some other period.

As I said the other day, if we really want to give support to our democratic friends in Latin America, we will put it on a 1-year program rather than on a 2-year or longer program. Our democratic friends in Latin America have no concern about any interference with their programs. It is our nondemocratic friends who would like to get it sewed up. It is our nondemocratic friends who would like to get the authorization so that they can argue in our international conferences that they have a right to this aid. They have so argued. I have been present at those international conferences. I know the approach that they make in these international conferences.

An increasing number of Latin American diplomats are talking in terms of having a right to receive aid from the United States. Why, we had a serious situation arise not so many weeks ago, and there was quite a bit about it published in the newspapers.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Oregon got a little criticism in the press because of the position we took on this particular item. May I say that the Senator from Vermont [Mr. Aiken], the Senator from Iowa [Mr. Hickenlooper]—who attended that conference—and the Senator from Minnesota [Mr. McCarthy] joined with us in our protest of the position taken in the conference that had been going on for revision of the OAS Charter, to have written into those revisions language that would seem to support the demand of certain Latin American delegates that they were entitled as a matter of right to have a guarantee

written into a treaty that would give them the aid. That is dangerous business. If they have a case they can stand on, they do not have to worry about a 1-year authorization.

What concerns me are some non-democratic regimes in Latin America that would like to get this kind of guarantee written into our law.

I think that sound discretion and wisdom call upon us to take another look at this program in a year.

I am still hopeful that we will be able to see a number of reforms adopted in Latin America that we can heartily support. Let us take, for example, the matter of interest rate mentioned by my friend, the Senator from Kentucky, when he said that Canada requires no interest rate. Would that be any bar on us as to the length of authorizations? Not at all.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. COOPER. Mr. President, I was speaking of other nations beginning to supply aid to Latin America. I named Canada. I said that I read in the newspaper a few days ago that Canada was reducing its interest rate below 3 percent and was providing a grace period of 7 years. I did not say they were providing funds with no interest rate.

Mr. MORSE. Mr. President, of course the amendment that would follow—if I have the schedule right—would be the McCarthy amendment which seeks to reduce the interest rate from 3 percent to 2.5 percent for development loans after the grace period.

One of the great reforms that is needed in Latin America and one of the reforms needed, particularly in more of these nondemocratic nations—is interest reform, for the legal interest in most of those Latin American countries has ranged from 12 to 34 percent.

As long as we keep this on a yearly authorization basis, we are in a better bargaining position to use the position we are in to try to get more reforms adopted, such as interest revision.

I do not think that we can get anywhere in developing a sound project-to-project program that will help to improve the economic lot of the masses of the people in Latin America until they do something about their interest rate. I do not think the American taxpayer will or should look with much favor upon a Congress that is perfectly willing to go along with this low interest rate that we have been going along with, an interest rate that is still below the cost of the use of the money, when the legal interest in most of those Latin American countries may be from 12 to 34 percent.

How would we develop a building and loan association in any country? It would be impossible. We cannot have a person in the low income class in Latin America go along with a building and loan association program unless we get the interest rates down, their national interest rate, to between 5 and 7 percent.

There is evidence in the RECORD, and we have battled about this time and time again, that it is very often because

of aid money that they are able to get from us at a very low interest rate—and for a while the rate was three-fourths of 1 percent, and then 1 percent for the 10-year grace period, and now it is proposed to be 2.5 percent for the period beyond that—that they have done two things. They have paid off some debts to other countries, countries to which they are paying a much higher percentage of interest. They have continued to borrow from other countries at a higher percentage of interest.

I speak respectfully and kindly, but I believe that that is really a form of cheating the American taxpayer. It is not playing fair with the American taxpayer.

A 1-year authorization would give them encouragement to bring about more reforms.

The minority views in the House committee report points out some additional reforms needed. A 1-year authorization would be an inducement to bring them about.

Mr. President, this is my last point: I say to the distinguished Senator from Kentucky that the Vietnam war is involved. The Vietnam war is involved, as far as the senior Senator from Oregon is concerned, from the standpoint of the issue he has raised.

I am in favor of limited authorizations for foreign aid everywhere, including Latin America, because not one of us knows what will confront us a year from today. God forbid that the situation will be worse. We have no reason to believe that it will not be worse. All we can do is pray that it will not be.

If these longer term authorizations are provided, the argument can be made, in an attempt to rebut what I have said, that the Committee on Appropriations would not have to appropriate the funds if conditions worsened. That will not change the contemplation of our Latin American friends or the contemplation of any other country in the world that, having authorized it, we have some kind of moral obligation—they even believe a legal obligation—to go through with it and appropriate the money.

We are in a bad way, in my judgment, with regard to the South Vietnam situation. We are not getting much help from many countries, either economically or with other nonmilitary aid, to say nothing of military aid. I do not believe we have any right to commit the American people, through their Government, in any form or to any degree whatsoever, to a long authorization period in this bill, or to an authorization over 1 year.

We will be here next year. We ought to check this each year. That is why I believe we ought to take the 1-year authorization, because we do not know whether we will be in a full-fledged war economy a year from today, or in a massive war a year from today. Honest and sincere men differ on the point I now make. It is my fear that it is more probable that we will be than that we will not be. It is my fear that, at the rate we are going, the war will be so escalated that it will be a massive war. In any event, I do not believe we ought to take the chance. I believe we ought to

say to the world that we will help on the basis of our present economic strength, on the basis of our present status, with an authorization for a year, and that we will take a look at it at the end of that year, and decide how much more to authorize.

For these reasons and others which I have expressed in the past, I urge the Senate, in my capacity as chairman of the Subcommittee on Latin American Affairs, to support the 1-year authorization.

EXHIBIT 1

CHILE

An intensive study of aid to Chile prepared by Senator GRUENING for the Subcommittee on Foreign Aid Expenditures of the Government Operations Committee should be read by every Senator before he votes on this bill.

Per capita, assistance to Chile is the highest in Latin America. It is a testing ground for program loans and with its small population of 8.5 million, its stable and democratic Government, Chile seemed to be the one place where foreign assistance could bring meaningful results.

U.S. economic assistance to Chile from 1961 through 1965 has totaled nearly \$700 million, and was presumably in conformity with a 10-year economic plan laid out in March of 1962.

Yet Senator GRUENING finds:

"The economy has been virtually stagnant for a decade—its rate of growth in recent years has averaged about 3 percent a year, only inching ahead of the annual 2.5 percent population growth.

"Inflation has been endemic. During the decade 1950-60, the cost of living rose by an annual average of 36 percent. In 1960 and 1961, under an austerity program, inflation was held to 5 and 10 percent respectively. But as inflationary pressures were felt again, living costs rose 28 percent in 1962, 45 percent in 1963, and 38.4 percent in 1964.

"In recent years Chile's monetary and fiscal position has been bleak. The balance of trade has been unfavorable, with imports exceeding exports by some \$95 million in 1963 and \$93 million in 1964. At the same time, the Chilean Government is responsible for many social and economic services which contribute to recurring budget deficits (the budget deficit reached 452.4 million escudos at the end of 1964, or about \$165 million). Meanwhile, the Chilean Government has been forced to rely more heavily upon foreign borrowing. In recent years foreign credit has financed as much as 40 percent of official investment. As a result, Chile faces increasingly serious difficulties in servicing its medium- and long-term foreign debt (currently amounting to \$1.4 billion) with payments of interest and amortization imposing a heavy burden on the balance of payments. International reserves of the monetary system dipped to a minus \$263.7 million on December 31, 1964."

He finds that Chilean firms produce at high cost for a limited market. In agriculture, the largest source of employment, the feudal system has turned Chile, once an exporter of foodstuffs, into a heavy importer of agricultural commodities and a dependent upon food for peace.

Sixty-five percent of agricultural income goes to 8 percent of the landowners. The rural laborers and their families who comprise a third of the Nation's population remain at the bottom of the economic ladder:

"It is estimated that only 6 percent of the rural population has access to safe water service. Housing for almost half the rural population is primitive. Sewage facilities are practically nonexistent. Despite Chile's educational achievements relative to other

underdeveloped countries, one-third of the rural population 15 years and over has received no schooling whatsoever, while another third has completed 1 to 3 years of primary education—hence, two-thirds are functional illiterates.

"A large segment of Chilean landlords have demonstrated little concern for their tenant farmers and laborers or for increasing the productivity of their lands. With plenty of cheap labor available, large landholders earn comfortable livings from extensive farming. Significantly, agriculture in recent years, although accounting for only about 10 percent of gross national product, has received about 35 percent of the private credit outstanding. Most of the credit has gone to a small group of producers, and much of this has been diverted to relatively nonproductive or to nonagricultural uses. Studies of the expenditure patterns of large landowners reveal that they spend almost 80 percent of their sizable incomes for personal consumption."

Although Chile in the past has had a relatively highly developed education system, it has fallen tragically far behind modern needs.

"It has become increasingly clear that the school system, organized in the 19th century, has failed to adapt to the country's real needs. Emphasis has traditionally been upon academic training and the liberal professions, with the result that few people have vocational skills. The dropout rate is high: of every 100 students who enter primary schools, only 33 complete the sixth year of the curriculum."

These are not the conditions of 1960 the Alliance for Progress was designed to correct: these are the conditions that prevail in a primary recipient of development money from the United States, 5 years after massive aid has been underway.

The Gruening report demolishes much of the case the administration tries to make for nonproject, or program, lending:

"Program lending, initiated in 1963, and now the overwhelming component of the U.S. program in Chile, is a highly dubious device for linking assistance to performance."

\$35 million program loan was made in 1963 and a \$55 million loan in 1964.

Following the 1964 election of President Frei we expected the genuine reforms, and an \$80 million program loan was signed early in 1965.

Senator GRUENING finds the results not much different than before. Moreover:

"Chile's investment budget remains largely a random shopping list of unevaluated, unrelated projects submitted by various agencies and ministries. * * * Program lending erodes Chile's incentive to undertake the necessary steps to formulate its investment program on a rational basis. So long as dollars are available through the program loan route, the Chilean Government feels no urgency to build an institutional capability for projectizing its bids for foreign financing. * * * Another serious and related consequence of program lending has been the undermining of the proposed consortium of international lending agencies and governments to be organized under the auspices of the World Bank. Chile much prefers receiving external assistance not tied to specific projects, a situation which the consortium was designed to end. Furthermore, dealing with AID within an international group promised to be a good deal tougher than negotiating bilaterally where considerations other than economic can be raised. Meanwhile, continuation of U.S. program loans made it unnecessary for Chile to prepare projects suitable for international financing. The result: no projects, no consortium. In effect, the program loans helped to scuttle the international consortium, the instrument by which the United States in-

tended to get out of the business of supplying assistance unrelated to specific projects."

These objections to the nature and results of aid to Chile are in no way a reflection upon Chileans. Nor do I intend to criticize by implication any other recipient of American aid. It is our money, and we are entirely responsible for its use or misuse.

Mr. COOPER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. HART in the chair). The yeas and nays have been ordered.

Mr. KENNEDY of New York. I shall speak briefly, because I have to attend the meeting that Senator MORSE is going to, in connection with the airlines strike.

I commend the Senator from Kentucky on the efforts he is making today for the Alliance for Progress.

I believe the Senator from Kentucky touched the heart of this matter when he read the speech that originated the Alliance for Progress. The Alliance for Progress is more than an aid or assistance program. It is an effort to have all the countries of Latin America, and the United States, work together to deal with the great enemies of mankind—illiteracy, disease, and hunger—to try to build up education, to provide a method by which new industry can be developed in Latin America. The aim was not to do it just as an aid and assistance program, as in the past, but with a combined effort.

We dealt with the Alliance for Progress first through President Kennedy, supported by Congress, and last year by President Johnson. There was a commitment not just for a year but for the decade of 1960's, as the Senator from Kentucky read. At the meeting in Rio last year, President Johnson extended it to the 1970's.

The Senator from Oregon has stated that he has traveled around Latin America and has had a good deal of experience in Latin America. I also have traveled around Latin America. All the countries and all the people were grateful for the Alliance for Progress. They were grateful because it had given them new spirit. It had demonstrated to them that the people of the United States are interested in their future and their progress, and that we are interested in their having a different kind of life for themselves and for their children.

They felt that it meant something because it was going on for more than 1 year. There was a tremendous response throughout Latin America when President Johnson said the program would be extended through the 1970's.

When the bill originally was passed, there was criticism that the United States had only begun its interest, after many years of indifference, and that the only time the United States would take an interest in Latin America would be when there was trouble or difficulty there. The Alliance for Progress, and the fact that it went through the 1960's and the 1970's was a demonstration by the U.S. Government and the spokesmen of the United States that we are interested in more than 2 or 3 years, that we are interested in an extended period of time.

That is why I believe the amendment proposed by the Senator from Kentucky

is so important. It demonstrates, once again, that Congress and the President are making that commitment. We are not making it by ourselves. But in association with these other countries, we can put into effect the kinds of reforms that will make a difference in that part of the world. The Alliance for Progress initiated a good number of those reforms. They never would have taken place unless the Alliance for Progress had gone into operation.

If we pull back and say the program will be on a year-to-year basis; that we are not interested in an extended period of time, but interested only in acting after we see how the situation develops elsewhere in the world; that we do not really care whether children in this particular village have an opportunity to gain an education; that we do not care whether they have clean water; that we do not care whether roads are built into the central part of Latin America; that we want to find out what will happen in Vietnam or what our problems are in our own part of the world—if we say this, then we are breaking the promise that was made first by President Kennedy, supported by Congress, and then by President Johnson.

When I made my speech on Latin America some months ago, I said that I believed there were many problems about the Alliance for Progress and that it could be improved. But the fact is that we have made it possible, through the Alliance for Progress and the other efforts that have been made by the United States, to bring about tremendous reforms in many countries of Latin America. We have made it possible for tens of millions of young children to obtain an education which they never would have been able to obtain if it had not been for the effort of the United States. We have made it possible for tens of thousands of young children to have a glass of milk or to stay alive because of the assistance and help provided by the United States.

With all the problems and all the difficulties and all the imperfections of the program, we can look back upon this period of time—those who are in Congress can look back upon the early part of the 1960's—and say that they made an effort. Maybe the effort was not perfect, because human beings are not perfect. At least, the effort was made, and for that they can be proud.

I thank the Senator from Kentucky for continuing his effort along these lines.

Mr. COOPER. A few moments ago, when the Senator from Oregon spoke about what had been accomplished in Latin America, I felt that instead of being a reason for voting against a longer authorization, it was a reason for voting for it.

The Senator from New York, with his knowledge, having been in Latin America and having spoken to the people there, can relate, as I cannot, their sentimentality, their feeling, and their reliance on our alliance. I am grateful for his support.

Mr. AIKEN. Mr. President, I appreciate the remarks of the Senator from New York.

I also support the amendment proposed by the Senator from Kentucky, because I believe that we cannot do good work in the Alliance for Progress on a year-to-year basis. I do not believe that I would go as far as a 5-year extension at this time, under the circumstances, particularly the circumstances prevailing in other parts of the world. But I do say that since this cooperative program in Latin America has started, there is hardly a country in Latin America in which the principles of democracy are not a little stronger than they were a few years ago.

There is hardly a country in Latin America where the people are not enjoying a little better standard of living, including education and health benefits, than they were when the Alliance began. There is hardly a country in Latin America where the Communist foothold is not a little weaker than it was a few years ago. There is hardly a country in Latin America that has a government that is not at least as friendly to the United States, and in most cases more friendly, than when the Alliance for Progress was initiated.

Mr. KENNEDY of New York. The Senator from Vermont [Mr. AIKEN] has summarized the whole argument, I think, with many of the statements he has made. He is absolutely correct.

Mr. AIKEN. It is worth continuing on a 2-year basis. Personally I would go for 3 years. But with the atmosphere around the world today, and the uncertainty, I do not know that I would go for 5 years, as the administration requested. But certainly 1 year is not adequate to let us plan cooperatively.

Mr. JAVITS. Mr. President, I would like to support the Senator from Kentucky [Mr. COOPER], and I do so in this case out of personal knowledge.

The arguments of the Senator from Oregon [Mr. MORSE], it seems to me, are invalid for two great reasons. Both of those reasons, in my judgment, are infinitely superior to the reason to see how things go with the program from year to year.

First, we would be offending Latin America's sensitivity. This is not rhetoric when one speaks about Latin America. The basis is that we are now finished with a 4-year authorization for the Alliance for Progress. If the program were to be on a 1-year basis, it is bound to look to Latin America like an expression of dissatisfaction and a vote of nonconfidence in the program. This we do not feel, this we do not intend, and this would be very inimical to ourselves.

Second, I have had rather considerable experience with Latin America in respect of private investment. I have been to Latin America, like my colleague from New York [Mr. KENNEDY] who was there in the fall last year. I was there in April of this year. I went through Peru, Chile, Argentina, and Brazil.

The important thing with multiyear authorization for the Alliance is that these countries have an opportunity to

plan upon the things that they can count on. Private investment is inevitably tied to some form of public investment. This requires a certainty and assurance of expectation on the part of those who would undertake projects involving substantial private funds, which they cannot have on a year-to-year basis, especially when the year-to-year basis means, we know, somewhere between 8 and 10 months at the very best, and generally speaking around 9 months. That is just too short a time in economies of that kind, where the economy has to be planned from the ground up, to enable people to build economic strength.

Under these circumstances, it is self-defeating to limit the program in such a way as to make it less efficient and less effective in operation.

The decisive argument is that we were after the Latin Americans for a long time to set up the basic machinery by which they could screen requests for economic aid. It is the function of CIAP, the Latin-American Committee on the Alliance for Progress, to coordinate the aid, to receive and screen their applications. It is indispensable to the operation of that kind of mechanism to have some reasonable assurance that the program will continue.

The best example is the Marshall plan. We are always talking about what a great plan the Marshall plan was. It was great because it was given a 4-year assurance. Hence, Europeans could set up the Organization for European Economic Cooperation for the purpose of coordinating the activities with the U.S. Marshall plan, and to use them to the greatest effect. That would have been impossible on the basis of 8 or 9 months, which would be the situation on a year-to-year program.

We do want the program to succeed. That is infinitely more important a consideration than the climactic condition of keeping everybody guessing on a year-to-year basis.

If we want the Alliance for Progress to succeed, it is my direct personal experience that at the minimum there is needed a 2-year authorization. I agree with the Senator from Vermont [Mr. AIKEN] that that is by no means the optimum period. The optimum period would be slightly longer. But under given conditions that is the best we can do. It will indicate to those who confer with the other body that the mind of the Senate is open on the question of a multiyear authorization with respect to the Alliance for Progress.

Having been shot down on the 2-year authorization for every part of the program, I think the conferees would be seriously inhibited, especially as the chairman of the committee is on record against the 2-year authorization across the board.

Therefore, if we expect the Senate conferees to be at all congenial to a multiyear authorization in any part of this program, the Alliance for Progress is the most logical part. An affirmative vote on this amendment is indispensable.

For personal reasons and for reasons of efficiency, as well as reasons inherent in the Senate making its position clear, the amendment is extremely desirable.

I think we must all be grateful to the Senator from Kentucky [Mr. COOPER] for trying to rescue some part of the multiyear approach. I think he picked a most important and logical part of the program in dealing with the Alliance for Progress.

I feel strongly that the Senate would be well advised to go along with the amendment.

The Western Hemisphere is being recognized as the most critical responsibility of the United States. We should not cripple ourselves in this regard. When we have a program in hand with such possibilities of going forward we should not destroy it ourselves or sap the strength of Latin America which is in it.

Let us indicate a reasonable approach to the problem by voting a 2-year authorization. I shall support the amendment of the Senator from Kentucky [Mr. COOPER]. I hope that the Senate supports him also.

Mr. TYDINGS. Mr. President, I wish to take this opportunity to add my voice in support of the amendment proposed by the distinguished Senator from Kentucky [Mr. COOPER] and to associate myself with the remarks of the distinguished junior Senator from New York [Mr. KENNEDY].

The longer that I am in the Senate the more I realize the depth of the wisdom, foresight, and perception of the distinguished Senator from Kentucky.

As Senator COOPER so eloquently said, the Alliance for Progress, is no ordinary part of the aid program. It deals with our neighbors, our brothers if you will, to the south. North and South, we are all Americans. So I think that the Alliance for Progress deserves a little different treatment than the rest of the aid program.

The Alliance for Progress has taken substantial steps toward meeting the needs of Latin America which prompted President Kennedy to start the Alliance in 1961. In the field of education alone it has already distributed over 6 million textbooks; it has built over 6,900 classrooms; it has assisted over 2 million university students and over 1,200,000 high school and elementary school students in South America. The Alliance has also helped provide inservice training to over 28,000 elementary and high school teachers in Latin America.

I submit there is no greater instrument for preserving liberty and meeting the needs of the people than education. The Alliance for Progress has become an important bulwark for education in Latin America.

When we move into the health field, the statistics are even more striking. Over 56 million people have been protected from malaria. Fifty-six million, Mr. President. More than a million and a half persons have been vaccinated for cholera and smallpox—something which we in this country take for granted, but something which prior to the Alliance for Progress caused the deaths of thousands of innocent young boys and girls in Latin America.

We have helped to reclaim and irrigate 90,000 acres of farmland in Bolivia

alone—70 percent of the present total farmland of that country. That is what feeds people. That is what prevents famine. Since the inception of the Alliance for Progress we have built more than 2,700 miles of roads to connect this farmland with the markets which serve it. We have financed and helped to construct over 73,000 individual homes. There is no more stabilizing factor in any community than the right of an individual to own and keep his own home. These homes supply the needs of almost half a million citizens in Latin America.

We have helped to develop almost 2,000 credit unions in Latin America. They give the individual citizen in South America the opportunity to save money, receive a return on his savings, an opportunity which he never would have had before and would not have now without the Alliance for Progress.

Since 1961, seven of the Alliance countries have shown on income growth which met or exceeded the annual minimum 2.5 percent per capita target. In 1965, nearly every country increased its per capita gross national product over the previous year.

The export earnings of the region have increased by more than 25 percent. In nine countries the increase was at least 45 percent. Total exports of the 19 American republics rose by \$700 million, or 7.5 percent, in 1964 alone. Preliminary figures for 1965 indicate a further increase of approximately \$500 million to a total figure of \$10.4 billion in exports.

Mr. President, I submit that although the Alliance for Progress has problems, weaknesses, and shortcomings, it has done an admirable job. When we talk about the Alliance for Progress with our southern members, we are not talking about some other part of the AID program. We are talking about a special commitment made by President John F. Kennedy in 1961, and supported by President Johnson. This commitment of honor deserves something better than the hand-to-mouth existence of a single-year authorization. This amendment gives us a chance to show our Latin American neighbors that we regard the Alliance for Progress as something special within our foreign aid program.

I certainly hope that the Senate will support the amendment of the Senator from Kentucky [Mr. COOPER].

Mr. FULBRIGHT. Mr. President, I shall not detain the Senate long. The points made by the Senator were discussed at length the other day, and there was a vote on the general question of a 2-year versus a 1-year authorization. The Senate by a substantial majority, voted to limit the program to 1 year. The basic issue does not go to the merits of the program or whether or not it has been effective. It is a question of control by the Senate. The difficult times in which we now find ourselves prove very clearly, I think, that the AID program should remain under the close scrutiny and control of the Senate.

Mr. President, so far as I am concerned, I am ready to vote.

Mr. KENNEDY of Massachusetts. Mr. President, I would like to express my support for the amendment offered by the distinguished Senator from Kentucky to provide a 2-year authorization for the aid program for Alliance for Progress nations.

The amendment is based on a premise which I consider sound—that the relationships between the United States and our Latin neighbors are unique relationships, deserving of special treatment and consideration.

This unique relationship is reflected in the Alliance program, to which the United States has committed itself to join with the countries of Latin America in a long-term cooperative effort to bring about social reform and economic development. Our commitment has been repeatedly reaffirmed, both by President Kennedy and President Johnson. I believe our Latin friends are demonstrating, by the programs already underway, that they believe in the commitment they have made, and stand determined to fulfill it.

Great progress has been made, greater in the last 5 years than at any other time in the hemisphere's history. But the achievement of the goals of the Alliance, requiring as it will, nothing less than a peaceful resolution, will not be forthcoming without still greater effort, and dedication and sacrifice.

The burden rests mainly with the countries within Latin America. But certainly the United States should make every effort to support and encourage the programs of self-help which these countries are undertaking.

These programs are long-term programs for better homes, and jobs and schools and health facilities. They require large long-term commitments, not only of resources, but also of faith and confidence.

Whenever the United States demonstrates, as it would under Senator COOPER's amendment, that it has confidence in the Alliance, in its goals and its achievements, and that the United States will continue to support and encourage the great effort that is being made, we would bolster the faith and the confidence of the people of Latin America in the future of the Alliance.

This amendment serves that constructive purpose and I urge its adoption.

Mr. MANSFIELD. Mr. President, I shall vote for the Cooper amendment because I think it is not only worth while but also very necessary. I am only sorry it is not for a longer period.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas allow me to proceed for 5 minutes?

Mr. FULBRIGHT. I am glad to yield to the Senator for that purpose.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote be taken 5 minutes from now, without qualification.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESIGNATION OF AMBASSADOR EDWIN O. REISCHAUER

Mr. MANSFIELD. Mr. President, my purpose in rising at this time is to make the following statement.

I have just learned of the resignation of our Ambassador to Japan, Edwin O. Reischauer. The news is a source of deep regret to me as it will be, I am sure, to many other Members of the Senate who know Mr. Reischauer and are familiar with his great capacity and exceptional achievements in Japan.

He has served the United States for about 5 years in the most important diplomatic post in the Western Pacific. He brought to the American Embassy in Tokyo a knowledge and an experience with Japanese and Asian affairs of the highest order. He conducted the affairs of the U.S. Government in Japan with a consummate skill and great dedication to the interests of the country, and with a sympathetic and realistic understanding of the Japanese nation and its peoples.

Having spoken with Mr. Reischauer only a few days ago, I can appreciate his personal reasons which have compelled him to leave at this time. In all candor, nevertheless, I wish that he had decided otherwise. I know that he received every encouragement from the President to remain in Japan, as Ambassador, in the service of the Nation. The decision to leave was solely his own, and he arrived at it in spite of the urging of the President and many Members of the Senate to the contrary.

He leaves with the gratitude and the respect of the Nation which assigned him as Ambassador and equally of the nation which received him as Ambassador. His going creates a serious gap in the representation of the United States in the Far East.

Mr. FULBRIGHT. Mr. President, will the Senator from Montana yield?

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I associate myself with the comments of the majority leader regarding the services of Ambassador Reischauer.

He is one of the ablest men we have had in the Far East and I think it is a great loss and a tragedy to allow him to resign at a time when matters in that area are at such a critical stage.

Ambassador Reischauer came to his assignment with unusual, almost unique, qualifications due to his knowledge of the language, culture, and history of the Far East, including China.

We can ill afford to lose a man with his background, considering the very dangerous situation confronting us in the Far East.

I had heard rumors of his resignation, but I had hoped that the President would be able to persuade him to continue, at least until we found the beginning of a way out of our troubles in southeast Asia.

I join the Senator in regretting the loss of Ambassador Reischauer.

Mr. MANSFIELD. Mr. President, I appreciate the remarks of the Senator from Arkansas. Let me reiterate—and I speak from personal knowledge—that the President did personally everything in his power to keep Ambassador Reischauer on as Ambassador to Japan. He even went to the extent of offering him several positions in Government in Washington which would have to do with foreign policy.

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. As the majority leader has just stated, everyone who knew Ambassador Reischauer and his work will regret his decision to leave his post in Tokyo.

Ambassador Reischauer was the right man, in the right place, at the right time during the past 5 years.

I am sure that we will never know just how much we owe, for our present cordial relations with Japan, to the very fine work of Ambassador Reischauer in bringing the two countries together.

I had hoped that he would stay on for some time longer, but I appreciate his reasons for wanting to get back to his work in the United States.

I can only wish his successors somewhere near the same satisfactory results which Ambassador Reischauer has been able to obtain in his post in Tokyo.

Mr. MANSFIELD. I thank the Senator from Vermont.

Mr. SYMINGTON. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I should like to associate myself with the remarks of the majority leader, the chairman of the Committee on Foreign Relations, and the able and distinguished Senator from Vermont.

In recent months, it was my privilege to twice visit with Ambassador and Mrs. Reischauer.

Without question, those of us who have known him and had the benefit of the discussions incident to the problems of the Far East, know that he is one of the ablest men that we have ever had in that part of the world.

Especially do I regret that he is leaving at this time because of the respect and admiration in which the Japanese people hold him.

As we approach the problems incident to the automatic review of our treaty with Japan in 1970, I would hope that the President will find some way to use the talents of this great American and outstanding public servant, as we continue to plot our course with respect to our relationships with the Japanese people.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Under the order previously entered, the vote

recurs on the amendment of the Senator from Kentucky [Mr. COOPER].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SIMPSON (when his name was called). On this vote I have a pair with the Senator from Colorado [Mr. ALLOTT]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore I withhold my vote.

The rollicall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Arkansas [Mr. McCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from South Carolina [Mr. RUSSELL] are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey [Mr. WILLIAMS] would vote "yea."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Kansas [Mr. CARLSON] would vote "nay."

The pair of the Senator from Colorado [Mr. ALLOTT] has been previously announced.

On this vote, the Senator from Michigan [Mr. GRIFFIN] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 54, nays 31, as follows:

[No. 151 Leg.]

YEAS—54

Aiken	Inouye	Morton
Anderson	Jackson	Moss
Bartlett	Javits	Murphy
Bayh	Kennedy, Mass.	Nelson
Boggs	Kennedy, N.Y.	Pastore
Brewster	Kuchel	Pell
Case	Lausche	Proxmire
Church	Long, La.	Randolph
Clark	Magnuson	Ribicoff
Cooper	Mansfield	Saltonstall
Dodd	McGee	Scott
Dominick	McGovern	Smathers
Douglas	McIntyre	Sparkman
Fannin	Metcalf	Tower
Fong	Miller	Tydings
Harris	Mondale	Young, N. Dak.
Hart	Monroney	Young, Ohio
Holland	Montoya	

NAYS—31

Bennett	Byrd, W. Va.	Eastland
Bible	Cotton	Ellender
Burdick	Curtis	Ervin
Byrd, Va.	Dirksen	Fulbright

Gruening
Hartke
Hickenlooper
Hill
Hruska
Jordan, N.C.
Jordan, Idaho

McCarthy
Morse
Mundt
Robertson
Russell, Ga.
Smith
Stennis

Symington
Talmadge
Thurmond
Williams, Del.
Yarborough

NOT VOTING—15

Allott
Bass
Cannon
Carlson
Gore

Griffin
Hayden
Long, Mo.
McClellan
Muskie

Neuberger
Pearson
Russell, S.C.
Simpson
Williams, N.J.

So Mr. COOPER's amendment was agreed to.

Mr. COOPER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. SMATHERS. Mr. President, I ask unanimous consent that all Senators be permitted to introduce bills and resolutions during today's session, out of order.

The PRESIDING OFFICER. Without objection, it is so ordered.

HISTORY WILL NOT ABSOLVE CASTRO

Mr. SMATHERS. Mr. President, tomorrow Fidel Castro will crank up his propaganda machine and unleash another barrage of words—a compound of hysterics and the Communist litany—in an effort to commemorate the founding of his July 26 movement.

In the 7 years during which Castro has been in power, this anniversary has been used to exhort the Cubans to greater production.

But each year has produced more words and less crops. Fidel Castro has betrayed his people, stripped a fertile country bare, and left the Cuban people with a mouthful of Marxist ideology and no bread.

This year's anniversary is supposed to be based on the theme, "History Will Absolve Me," a title taken from a speech Castro made in 1953 when he was on trial for leading an attack on government barracks at Santiago de Cuba.

It is indeed an ironic theme, for only a Communist historian could absolve Castro. Any impartial chronicler of history must examine the record of 7 years and conclude that the regime is a failure.

But the failure is not a personal tragedy—it is the tragedy of a proud people betrayed.

The record shows that the Cuban economy is in tatters. The usually reliable Vision letter of June 29 reported:

The breakdown on the farm . . . is crushing Cuba.

The newsletter states that Cuba's gross national product, which was \$2.6 billion in 1959, is still at \$2.6 billion—but with a 1 million rise in population. At the same time, the agricultural share of the Cuban gross national product, is down by a fourth.

The Vision letter also reports that the vital Cuban sugar crop is down more

than 1.5 million tons from the previous year, aggravated by a steep decline in the international price of sugar.

While it would seem virtually impossible to wreck crop production in a country so fertile, Castro seems to have proven that communism's effect on agriculture can best be described as "dialectics and disaster."

For sloganeering and exhortation are poor substitutes for sound farm management. So desperate have the Cubans been to meet their quotas that they have cut immature cane and thereby jeopardized future crops.

In truth, the island of Cuba is locked in a tyrant's grip worse than any in the past.

It is worse because Cuba is in utter thralldom to a foreign power, virtually isolated from the free world and now, in the wake of the Tricontinental Congress, also shut out by its Latin neighbors who want no more of satellite Cuba's efforts to export subversion and discord.

It is worse because all of the old tools of oppression have been used once more—the systematic stifling of personal liberties, the neighborhood spies, and ultimately, the firing squad.

It is worse because the regime has all but destroyed the industrial sector of its economy, lost its professional and managerial classes in an undiminished flow of refugees to our shores, and grown pitifully dependent upon Communist technical assistance.

That assistance is a euphemism—for to receive it, Cuba had to sell its birthright and to make a mockery of the vision of Jose Marti.

Russia may well begin to chafe if the cost of slipping crutches under the Castro economy continues to soar.

And Cuba may find that the Iron Curtain price for hard goods may start climbing.

When that happens, Fidel Castro may find that his persuasive powers as an attorney are weak indeed—for one does not calmly discuss bankruptcy with an angry Russian bear.

Instead of sharing the natural riches of his nation among all Cubans, as Castro promised, he has reduced all Cubans to the same level of poverty.

It is common to read in the Miami newspapers, almost daily accounts that reveal the once gay Cubans now share a life of bleakness and austerity.

An island which once could offer fine foods from the farms and the seas now rations these things in pinches and fistful portions. Patriotic Cubans are given the voluntary opportunity to give up their weekly food rations.

Mothers and fathers must scheme to find ways to produce extra milk or a fresh egg for a child.

We hear touching stories of how a family must hoard even such basics as light bulbs—which are carried from room to room because they are rationed one to a family.

No, Fidel Castro, history will not absolve you—nor will the Cuban people.

History will write its harsh judgment on the facts.

ZAMBIA BITES THE HAND THAT FEEDS

Mr. EASTLAND. Mr. President, the hand that feeds was bitten again last week. The State Department, which fancies itself above reproach, suffered another nip in the hand which doles out foreign aid to our so-called allies.

Last week the United States was officially snubbed by an African nation which is all but spoon-fed by Americans to keep it alive. Oil and other vital materials, including money, are airlifted to the country of Zambia at U.S. taxpayer's expense.

A top level visit to the United States by Zambian leaders was canceled last week to show the world that Zambia did not approve of U.S. bombing of North Vietnam's oil facilities near Hanoi. Undoubtedly, the State Department will rush to soothe the Zambians' feelings by offering several more million dollars in aid.

At the same time that we are being chastised by Zambia for our conduct of the war in Vietnam, the State Department is trying to strangle friendly Rhodesia. It seems Rhodesia is guilty of fighting the Communist menace in Africa, trying to maintain a stable pro-Western government and worst of all, offering to send Rhodesian troops to help American GI's fighting in Vietnam.

Officials of the State Department have expressed the opinion that they consider Rhodesian racial issues a greater danger than communism in Africa and Europe.

These same officials have admitted that mail from U.S. citizens favoring the Rhodesians totals in the thousands, but they haughtily discharge these letters by pointing out that one letter from a civil rights' leader represents more weight.

The case of Rhodesia goes begging for justice and even the American press which has touted itself as a friend of the rights of man, has ignored the basic facts about Rhodesia because it does not dare shine a spotlight on the truth.

The truth is that the Rhodesian Government is not a revolutionary group of rebels who have overthrown a legal government. Rhodesia has never had a government of British civil servants. On the contrary, the Rhodesians have always been independent in their internal affairs. They have always elected their own officials and decided their own domestic policies.

The so-called rebel government of Ian Smith is nothing more than the duly elected government of the people of Rhodesia which has made a technical adjustment in Rhodesia's relationship to the British.

Certainly the action of the Rhodesians has been no less just than that taken by the people of this country when they declared the independence of the United States from the British crown.

But, for reasons best known to the State Department, the United States is going to great lengths to destroy the freedom and independence of this friendly nation.

We have helped in an economic blockade of Rhodesia at the suggestion of the British, while the British have ignored our pleas to halt trade with North Vietnam.

The British sold buses to Castro to help that Communist maintain an economy while this country is devoting every effort to thwarting that Red regime.

Rhodesia was not only refused a hearing in the Security Council of the United Nations, despite the fact that it had every legal right under the U.N. bylaws, but they were not even afforded the courtesy of an answer to their request.

It should be noted that Arthur Goldberg, our Ambassador to the United Nations, was active in blocking any hearing for Rhodesia.

Rhodesia, it seems, must not be accorded the help this country renders to dictators and Communist nations such as Rumania. Yet, the Rhodesians are friendly to us. The Rhodesians are willing to fight shoulder to shoulder with us. They have vast deposits of chrome ore which this country needs and regardless of the predictions of their enemies, the internal peace and calm of Rhodesia speaks not of tyranny, but of a people, white and black, who endorse and support their government.

Radio broadcasts from Zambia, carried over the powerful stations subsidized by the British regularly call for an uprising, for the slaughter of animals and the sabotage of industry, but these go ignored.

In fact, Rhodesia has maintained a peaceful and friendly bearing in the face of all this adversity. The Rhodesians still share the electric power from the great Kariba Dam with Zambia, although with the dam actually under Rhodesian domination, they could have turned off the power.

I believe our current policy toward Rhodesia is wrong. I believe that we are acting not only unjustly, but imprudently.

There is talk of secret agreements which will pledge the United States to endorse a continued boycott of Rhodesia along with other African nations even if the British and the Rhodesians reach a peaceful settlement of their differences. Such agreements would fly in the face of reality. To bind ourselves to a bloc of unfriendly and even pro-Eastern nations would be the height of folly which might result in the destruction of one of our staunch allies.

In the past, we have too often ignored our friends while buying only contempt from our enemies. The time has come now as we are locked in the struggle with the Communists in Vietnam to gather our allies around us.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Pursuant to the previous unanimous-consent agreement, the amendment of the Sena-

tor from Minnesota [Mr. McCARTHY] is now the pending business.

The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I do not feel it necessary to restate at length the case for recommending this change in the interest rate which was added by the committee amendment to the bill sent to us by the administration. The arguments were made last week both for and against the amendment. I do not think anything has changed over the weekend that would have any significant bearing upon the facts or considerations which should be used as a basis for judgment. Therefore, I shall merely briefly summarize the case I made for reducing the interest rate on development loans beyond the grace period from 3 percent, as recommended by the committee, to 2½ percent, which is the current rate, and which is the rate recommended by the administration.

One important change that the Senate has made with reference to interest rates, I think, should be taken into account. That is the action taken in agreeing to the Dominick amendment. The effect of that amendment was to increase the interest rate during the grace period of 10 years on development loans from 1 to 2 percent—a 100-percent increase in the interest rate during that period.

That increase was certainly not contemplated when the Committee on Foreign Relations increased from 2½ to 3 percent the interest rate on the period of the loan which runs beyond the grace period. I believe that the debt burden which will result from these two increases will be too severe for the developing countries to bear, and therefore I urge the Senate, with the support of the chairman of the Committee on Foreign Relations, to reverse the action of the committee and agree to a 2½-percent interest rate on development loans beyond the grace period.

An additional consideration is the fact that the United States has been urging the other countries which make development loans—principally France, England, Great Britain, and Canada—to reduce their interest rates, and they have been doing so. Real progress has been made toward cutting down their interest rates and also toward extending the period of time during which the loans might be repaid. For us at this point to reverse our position and begin to increase the interest rates, it seems to me, would be most discouraging to the other countries which have been responding to our past urgings.

I ask Senators to look again at the statements made by George Wood, the president of the World Bank, and others who have commented upon the danger of increasing the debt burden on recipient countries. The particular point he has made is that if we continue the present trends, in 15 years the debt burden would be greater than the amount of the capital investment on loans going into those countries. If that were to happen, of course, the entire effort to develop

those underdeveloped countries would be completely frustrated.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. McCARTHY. Mr. President, I have no further remarks to make.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. McGEE. Mr. President, will my colleague agree with me that the pending program is not a program to plunge the American people, or their country, into making money off interest rates?

Mr. McCARTHY. Certainly this program was never conceived as one which was to be developed on commercial principles or to make money for the United States. Under the program loans are to be made by our AID officials to assist developing countries meet their most pressing needs.

Mr. McGEE. Mr. President, by the same token, would it not be fair to say that we are not trying to set up criteria that would legislate the American Government into the professional banking business?

Mr. McCARTHY. Certainly not. This program was set up because the problems could not be met through the ordinary international commercial banking institutions or through the international banking agencies set up by the combined agencies of government. We felt that there was a need for an intermediate operation between the direct grants and the international banking agencies.

Mr. McGEE. Have we not stressed repeatedly that, as a very affluent Nation, we are interested in the economic development of other areas, believing that that also helps the chances for peace?

Mr. McCARTHY. The Senator is correct.

Mr. McGEE. It seems to me that the economic development has been tended to be ignored by some who want to get more interest return than a private fund. Some would compare the program with private banking institutions, which it could not be.

Mr. McCARTHY. The Senator is correct. The comparison has been made between its charges and between its interest rates and those paid by the United States on its borrowings at home. Neither of those bases is a proper basis for judgment.

Mr. McGEE. The Senator from Minnesota is one of the true experts in the Senate on economics and foreign policy. He is a member of both the Committee on Finance and the Committee on Foreign Relations.

I wonder what the judgment of the Senator would be in regard to measuring the economic gain for the United States, if we were to keep books on this matter, and if we were to successfully participate in the economic development of these more backward areas.

Mr. McCARTHY. I think the record of the Marshall plan and of the programs we have begun to develop in other countries indicates that economic progress of the United States is just not indirectly or remotely related but is directly and

immediately benefited as the economies of these countries develop. The fact is that the principal exports from the United States today are somewhat advanced and technological products, whether it be in the military, the computer, or the electronics fields.

These products are what those countries want. They cannot really use those products unless they have developed their own economy and technology.

There has also been a great, increasing demand for agricultural products in many countries. In this regard there can be no effective demand for these products unless the countries in need of them have something to trade in international commerce.

This program, together with other programs, has as its primary objective the development of more vital and effective economies in these underdeveloped countries.

The immediate consequence of such development is of great advantage to the United States, because the advanced economy is the only kind of market in which the U.S. products can really find an outlet.

Mr. McGEE. Mr. President, another criticism levied against the proposal of the Senator is that it would lend money more cheaply to foreign governments than we now lend to some of our own people within our domestic economy.

Would the Senator in his long experience with economic matters comment on that matter?

Mr. McCARTHY. I think the choice is not whether we lend to these countries on higher or lower interest rates, but whether we lend to them at a low rate to develop a program under direct aid; that is, this program should be viewed as a step beyond the direct grant-in-aid.

In my judgment, if we are further to burden this particular program of development loans with high interest rates, which those countries cannot pay, and increase their debt burden, the pressure will be on us either to provide more direct aid, or to curtail it without any prospect of payment of either the interest or the principal.

This is the choice offered to the Senate today.

Mr. McGEE. Mr. President, I suggest that the priority that should be accorded to the measure of economic development afforded by different policies would indicate that the further we go in the direction of the suggestion of the Senator today, the more direct the impact of economic growth would be on the countries in which the funds are to be applied.

Mr. McCARTHY. Mr. President, I think the experience we have had within recent months in the United States in terms of an increased interest rate on the most productive and vital economy in the world, and of its depressing and dislocating effect on our own economy should serve as a warning for us. It indicates we should not arbitrarily and without due reflection and consideration increase interest rates in economies which are in a highly unstable condition and are likely to collapse at any time.

The interest differential that we are talking about is not what it seems to be. The loans that may be made by the countries are not made at 2½ percent. They are made at greater rates of interest.

This differential has been pointed out as being beyond explanation. It has even been suggested that there is something dishonest about it.

The fact is that the ones that have borrowed have to pay these interest rates in the currency, in soft currency, of the country to which the loan is made.

The advantage is that the difference between the interest rate paid by the country for such loans and the interest rate paid to the country itself is income. That soft currency can be used to support governmental projects, educational, or otherwise, in the country.

The alternative would be to say, "You have to lend the money at the same interest rate that we lend it to you."

I think every Senator realizes the pressure this would set up to try to obtain loans at the low-interest rate paid by the recipient government. I would anticipate that in every country to which we make development loans, we would have the kind of problem that exists in South Vietnam with regard to import licenses and the possibility of corruption and of attempting to buy favor with the government. In my judgment, these possibilities would be very extensive.

Mr. McGEE. Mr. President, I say to my colleague, the Senator from Tennessee, that I think in all of our dialogs on this and in all of the ramifications of the foreign aid question this year, we still tend to lose sight of one of the biggest and best reasons for this.

We find ourselves in the debates concerning ourselves with comparisons of programs here at home, domestic programs at home, in an attempt to find out the extent to which the programs overseas may be stopped or decreased. We seem to be obsessed with that and have forgotten some of the reasons advanced for doing it. The reason for doing it happens to be that it is right that we, as the most affluent nation in the world, as a nation that came out of World War II with a disproportionate amount of power—perhaps more than possessed by any other nation at any time of the world—the American people and the American Government set an example for the first time in the history of modern nations and that we share our economic treasure not only with our allies, but even with the vanquished. Now we seek to develop in positive and constructive terms—not in military terms—countries that have just been freed from long control under one sort of colonial system or another.

I do not think there is an example anywhere in the history book of a nation like ours doing something just because it ought to be done.

I think we ought to make more of that the basis for the kind of program that we seek to legislate here—intelligently, I hope—in these days.

I commend the Senator.

Mr. McCARTHY. I agree with the Senator. I think the fact that we have

cut the money available in the program by 50 percent is bad enough, but if, in addition to that, we are to increase the interest rates, I think that both in the substance of the program and in the appearance and justification of it to other nations, we would suffer immeasurable damage.

I hope that the Senate, having acted to cut the amount and also to approve the Dominick amendment will now reverse the action of the committee and establish an interest rate on development loans at 2.5 percent.

I might add that this rate of 2½ percent is roughly comparable to the interest rate that we charge on disaster loans in our own country, and it is higher than the rate on REA loans, a program developed when the agricultural economy of this country was seriously deprived.

To increase the interest rate on what are in effect disaster loans, emergency loans—because these countries live in a continuing state of emergency—to a higher level would put us, in my judgment, in an indefensible position in terms of competition for ideas and for respect around the world.

I have no further remarks to make at this time.

Mr. MUNDT. Mr. President, this controversy over the proper interest rate to charge on our loans to developing countries has a long and interesting and a rather expensive history.

Several years ago, in the Committee on Foreign Relations, my distinguished colleague, the Senator from Ohio [Mr. LAUSCHE] and I had a little two-member bipartisan meeting. We decided that some kind of study should be made as to why we were making what were virtually no-interest loans under the title of loans, when in reality they were grants. We found then that one-quarter of 1 percent interest was being charged, which was not even enough to carry the bookkeeping charge, not even enough to legitimize it as a loan.

So, several years ago we began working in the direction of attempting to develop some realistic kind of interest rate for loans, as distinguished from grants; and bit by bit, with the slow run of progress resembling the great glacial age, we have been moving in the direction of the legitimate loan. We have made steady but slow progress, but we have been moving in the right direction.

In this era of high interest rates, when our taxpayers and our constituents are paying for the money they borrow in this country from 6 to 7, to 8, to 9 percent interest, plus points, it is proposed that we reverse this history of constructive action and go back down the hill again, by providing loans and interest rates which actually crank into them a considerable element of grant and which move downward when all interest rates are moving upward.

My distinguished friend, the Senator from Minnesota, has said that 2½ percent is roughly the equivalent of what our communities in America pay when they are in a disaster condition. It is roughly the equivalent, but it is not the equivalent. The equivalent is the 3 percent interest rate that the committee bill

calls for. In other words, by an affirmative vote on the amendment proposed by Senator McCARTHY, we would provide a lower interest rate for disasters in other countries than we provide for equal disasters in the United States.

Mr. President, let us remember that we are dealing here with loans. We hear it said that we ought to have a humanitarian approach, that the United States should not be parsimonious or grabby or stingy with these developing loans. Developing loans are supposed to be actual extensions of money at an interest rate. We have a separate grant program here. For the bleeding hearts in the Senate who are worrying about the fact that we are not doing anything for the rest of the world, let me point out that this bill, in addition to these developing loans, provides \$1,149 million in grants, with no interest. When there is a condition overseas that merits the eleemosynary approach by this country, we provide it to the extent of \$1,149 million.

I shall break it down. It appears on page 2 of the committee report, in the event that any Senator, deciding in his own mind how he can justify with the folks back home a reduction in the interest rate while interest rates are bouncing around like toy balloons in every area of our economy, might like to read the RECORD. His constituents may read it.

We are giving away money in this bill. We are giving away \$210 million for technical cooperation, with no interest at all—not 2½ percent, not the 3 percent that the committee bill provides, not the 2 percent provided in the 10-year immediate period, not even the one-quarter of 1 percent that the State Department cooked up and actually utilized until Senator LAUSCHE and I began focusing attention on it.

We provide \$87.7 million for the Alliance for Progress—a giveaway—to meet conditions of health, of education, of quick disaster, where it is necessary for us to come in, as an affluent society, in our responsibilities as a world leader to provide our largesse to countries which are in dire need. We provide \$10,989,000, roughly \$11 million, for U.S. schools abroad to provide additional educational opportunities. That is free money, a donation, a contribution which our taxpayers collectively make as a grant to foreign countries.

For international organizations, we provide \$140 million, plus about \$500,000, as a grant, with no interest.

It has been said that this is some kind of mercenary atmosphere in which we are operating when we put the interest rate up to 3 percent. Quite beyond all that are these giveaway programs for which our committee voted—and I might add, incidentally, in which our committee, as to each one of these items, increased the amount of contribution by grants, as compared with what was being done 1 year ago.

Then we come to the supporting assistance—\$700 million. That is also without interest. But I wish to be completely fair and point out that part of that goes to meet the situation in Vietnam. There, of course, we do not find ourselves on a parallel basis.

So we add it up, and it amounts to \$1,149 million. Take away from that the \$550 million of supporting assistance given to Vietnam, and it makes a total of \$649,122,000 as a grant provided by this bill, without interest, and outside of our responsibilities in Vietnam.

So let us not assume that, simply because we are attempting to charge something resembling a legitimate interest rate for development loans, Uncle Sam has suddenly become a hard-hearted individual.

I do not believe that we can discuss these contributions in a vacuum. We are living in a high-interest era of American economic history. It has been more than three decades since Uncle Sam has had to pay as much to borrow money as he has to pay now, and those interest rates are being passed on to our constituents. Those interest rates are being reflected in our economy. To propose that on top of the grants which we are making in foreign aid, on top of the development loans at 3 percent—which in themselves involve a sizable subsidy in interest payments on the part of the American taxpayer—another interest paying subsidy should be passed on, seems to me to completely disregard the economy of our times, the financial problems confronting us, the drain on our balance of payments, and the high interest rates that homebuilders, merchants, farmers, and the families of laboring people must pay for the money they borrow for private credit or installment payments or anything else for which they borrow money.

Beyond all this, Mr. President, I believe there is one great prevailing argument for not taking the backward step and the reckless fiscal move suggested in the amendment offered by my good

friend, the Senator from Minnesota. We are dealing with a long-term proposition—30-year loans, 40-year loans. We have already made some progress by increasing slightly the interest rates which are to be charged for the first 10 years.

But we are talking here about what is supposed to be a legitimate interest rate a decade hence. Who among us is a Solomon so wise that he can vouchsafe for the fact that now, today, in July of 1966, what should be a legitimate interest rate to be received on these loans beginning 10 years hence?

(At this point, Mr. MONDALE assumed the chair.)

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. McCARTHY. I say that we are both in the same situation in the terms of that prophecy.

Mr. MUNDT. The Senator is correct in terms of the prophecy, but not in terms of reality.

Mr. McCARTHY. What is the difference?

Mr. MUNDT. Let me point out the difference, because it is clear and the difference should be known.

We are in the same predicament. Nobody knows starting in 1974 what should be the proper interest rate for the next 30 years. It is a guess, but if today we keep the interest rate at 3 percent, as I think we should, and find in 1974 that it is too high, we can reduce it, because no borrower ever complained about a reduction in his interest rate. But if the tides of fortune move the other way and in 1974 we find that this interest rate should be 4 percent or 5 percent or even higher, we cannot increase it because we have bound ourselves for three additional decades.

I refuse, with my vote, to put Uncle Sam in a coat of chains for the period of 30 years in an unpredictable climate of increasing interest rates, when 3 percent interest itself may be ridiculously low 10 years from now.

For us to go beyond that and gamble in a reckless manner with the money of the taxpayer would be irresponsible action on our part. If we guess wrong in terms of the interest rates paid by the country, and interest rates go down, we can correct that at any time, any day, any year, any hour; but if we guess wrong, and the interest rates go up, we have bound Uncle Sam to an interest rate concept for 30 years. I believe that Senators should realize that. I want constituents who read the RECORD to realize that. I hope that the newspapers and news media will report that because we are dealing with an economy already in trouble in America. It is about time that we come to our senses and engage in some prudence, and some caution, and that we do not needlessly jeopardize the economy by binding ourselves to a situation that, as the Senator from Minnesota [Mr. McCARTHY] and I agree, is so unpredictable that nobody can speculate with accuracy in terms of the interest rate 10 years hence.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Last week I discussed the table on page 321 of the testimony taken on the economic aid bill.

Mr. President, I ask unanimous consent that the tables dealing with the years 1962 and 1963, appearing on page 321, be printed in the RECORD.

There being no objection, the tables are ordered to be printed in the RECORD, as follows:

TABLE 5.—Distribution by maturities of official bilateral commitments in 1962

[Millions of dollars]

Country	Total official bilateral contributions	Grants ¹	Total loans	More than 1 to 5 years, inclusive	More than 5 to 10 years, inclusive	More than 10 to 20 years, inclusive	20 to 30 years, exclusive	30 to 40 years, exclusive	40 years and more
Austria.....	6.4	0.6	5.8	5.8					
Belgium ²	65.6	65.6							
Canada.....	61.3	47.3	14.0		0.9	13.1			
Denmark ³	.8	.8							
France ⁴	897.4	756.7	140.7	4.3	20.1	79.2	⁵ 24.9		12.2
Germany.....	473.3	⁴ 158.3	315.0	41.0	8.5	164.5	101.0		
Italy.....	131.2	18.8	112.4	71.3	25.1	16.0			
Japan.....	286.9	103.9	183.0	21.9	148.5	12.5			
Netherlands.....	28.7	11.4	17.3				⁵ 17.3		
Norway.....	4.4	4.4							
Portugal ²	42.5	3.1	39.4	5.2	1.3	1.6	31.3		
Sweden.....	2.6	2.6							
Switzerland.....	2.2	2.2							
United Kingdom.....	577.7	221.2	⁶ 365.5	1.0	13.0	3.0	340.0		921.0
United States.....	4,725.0	3,025.0	1,700.0	65.0	106.0	386.0	209.0	14.0	
Total of above industrial OECD countries.....	7,306.0	4,421.9	2,884.1	215.5	323.4	675.9	723.5	14.0	933.2

¹ Including grants, reparations, net loans repayable in recipients' currencies, and net transfers of resources through sales for recipients' currencies.

² Gross disbursement data.

³ Including loans with maturities of 30 years.

⁴ Includes Indus Basin \$4,500,000.

⁵ Includes \$1,400,000, the breakdown for which is not available.

⁶ The breakdown has been rounded to the nearest million by the United Kingdom authorities.

Source: The Flow of Financial Resources to Less-Developed Countries, 1956-63, Organization for Economic Cooperation and Development, p. 150.

TABLE 5.—Distribution by maturities of official bilateral commitments in 1963

[Millions of dollars]

Country	Total official bilateral contributions	Grants ¹	Total loans	More than 1 to 5 years, inclusive	More than 5 to 10 years, inclusive	More than 10 to 20 years, inclusive	20 to 30 years, exclusive	30 to 40 years, exclusive	40 years and more
Austria	0.9		0.9			0.9			
Belgium ²	78.9	75.8	3.1	1.8			1.3		
Canada	125.2	43.6	81.6		25.9	55.7			
Denmark	6.8	6.8							
France ³	870.9	696.8	174.1	4.7	25.0	126.7	⁴ 12.5		4.6
Germany	686.7	⁴ 163.2	523.5	15.5	4.0	394.0	110.0		
Italy	154.3	14.0	140.3	26.3	74.0	40.0			
Japan	298.2	80.1	218.1	30.1	52.1	135.9			
Netherlands	29.1	8.5	20.6		.9	1.4	18.3		
Norway	3.7	3.2	.5			.5			
Portugal	53.5	8.8	44.7				44.7		
Sweden	4.8	2.6	2.2			2.2			
Switzerland	10.7	4.9	5.8		5.8				
United Kingdom	475.4	234.6	240.7	3.6	29.2	31.2	163.4	4.2	9.1
United States	3,963.0	2,448.0	1,515.0	⁵ -84.0	177.0	228.0	171.0	35.0	998.0
Total of above industrial OECD countries	6,762.6	3,790.9	2,971.1	-2.0	393.9	1,016.5	521.2	39.2	1,001.7

¹ Includes grants, reparations, net loans repayable in recipients' currencies, and net transfers of resources through sales for recipients' currencies.

² For Belgium and France gross disbursement data have been used.

³ Including loans with maturities of 30 years.

⁴ Includes Indus Basin \$5,500,000.

⁵ Negative figure results from recording new commitments less larger offsetting consolidation credit entries.

Source: The Flow of Financial Resources to Less-Developed Countries, 1956-63, Organization for Economic Cooperation and Development, p. 151.

Mr. LAUSCHE. These tables show the maturity period of various bilateral commitments made by different developed countries of the world in loans.

It shows that in 1962 we made \$933 million worth of loans maturing in 40 years or more; in 1963, \$998 million maturing in 40 years or more.

A study of these tables will show that we have been most generous and liberal in making loans that will allow the borrowing countries to repay the debt in periods far in excess of the periods demanded by other of the countries which have loaned money.

This matter of maturity of the debt in 40 years or more and between 30 and 40 years must also be considered in connection with the interest rate.

Mr. MUNDT. And we are dealing with a situation which does not become operative until a decade from now.

Mr. LAUSCHE. The Senator is correct.

Mr. MUNDT. We are trying to speculate what the interest rate will be 10 years from now. It seems to me that this is an utterly irresponsible thing that we are asked to do by the McCarthy amendment.

Mr. LAUSCHE. I think that an examination of these tables will show that the other developed countries, such as Italy, Germany, France, and Great Britain have grown in a degree, in the 10- to 20-year period which enables them at the end of 10 or 20 years to call the loan and redraft the interest rate and the maturity time.

We must wait until 40 to 50 years have expired before we have any right to fix a new interest rate predicated upon the economic conditions that will prevail 40 and 50 years from now.

With this narrowing of the liberality of terms, Mr. President, our terms will still be far more liberal and generous than those of Germany, Great Britain, France, Belgium, the Netherlands, and the other nations that have been engaged in a minor degree in this lending program.

In conclusion, their loans have been made as investments. Ours, on the basis of business deals, have not been invest-

ments but have been garbed in the cloak of true mercy trying to help these countries.

Mr. MUNDT. The Senator makes a very good point. We are asked by the McCarthy amendment to sign a contract which goes into operation 10 years hence and flows on to future history for 2 to 3 decades; and we are asked to sign the contract, which all the way through retains for the other fellow, the foreign signatory, his option of free choice for right of change, for right of dropping out, but ties old Uncle Sam, who under this amendment would be Uncle Sucker, to a contract which he could not change. It is indeed a heads I lose, tails you win proposal.

I wish to emphasize that interest rates which are paid us by foreign countries can be decreased any day or any hour. They can, however, be increased only once, and that is when the contract is signed. That is today. That is when we vote for this amendment to cut back interest rates.

Mr. President, as the Senator from Tennessee [Mr. GORE] pointed out the other day, some of these loans are very far from being designed to be of any eleemosynary benefit to the recipient countries. Some of them are highly commercial, indeed. Some of them, as the Senator from Minnesota [Mr. McCARTHY] admitted on the floor today—

Mr. McCARTHY. Mr. President, will the Senator yield for a change of language?

Mr. MUNDT. I yield.

Mr. McCARTHY. I did not admit to anything. I did not think I had been accused.

Mr. MUNDT. The Senator is correct, as the Senator from Minnesota [Mr. McCARTHY] proposed.

Mr. McCARTHY. I made the simple statement. I did not admit or deny.

Mr. MUNDT. As the Senator from Minnesota [Mr. McCARTHY] said happily on the floor of the Senate.

Mr. McCARTHY. I thank the Senator.

Mr. MUNDT. Mr. President, I want the RECORD to be correct. The Senator said if there were a profit to be derived

between the low interest rate we charge the corporation and the interest rate in turn collected by the recipient country, that that interest rate would go to the recipient country, which is another way by which we subsidize the speculative capacity of mere man to prophesy additional subsidies for the recipient countries in the form of a grant, although our people back home are led to believe we are advancing money as a loan. A loan ceases to be a loan when you start operating in terms of an outright grant or gift.

Mr. GORE. Mr. President, will the Senator from South Dakota yield at that point?

Mr. MUNDT. I am happy to yield to the Senator from Tennessee.

Mr. GORE. There is one other very interesting feature of the development loan program. These agreements are made in two distinctive steps. The first one is a loan made to a business institution. Let me refer here to the list which I requested and select one as an actual example.

I see here a loan to the Olinkraft Celulosa e Papel. Upon inquiry I was informed that Olinkraft is a subsidiary of the Olin Mathieson U.S. Chemical Corp.

Please understand that I am not being critical of the Olin Mathieson Co. It is one of our very large, very successful, and honorable companies. The loan was made to Olinkraft. But Olinkraft, a subsidiary of Olin Mathieson, does not agree to repay the United States.

Olinkraft, in the second step, repays not the United States in the dollars which it receives but repays the Government of Brazil, and not in hard currency but in Brazilian cruzeiros. The rate of exchange, as we know, may be one thing at the time the American dollar goes to Olinkraft, but years later when it is repaid, not to us but to the Brazilian Government in cruzeiros, the rate of exchange may be entirely different. In fact, that is the history of inflation in Brazil.

Now, Olinkraft receives—it says here one time 5 years and another time 2 years.

Mr. MUNDT. Probably 10 years; 2 times 5.

Mr. GORE. The interest rate which Olinkraft pays to the Government of Brazil is 5½ percent. The going rate of interest in Brazil on commercial bank loans, I am advised, is 2 percent per month, so that even on these terms Olinkraft receives a favorable interest rate compared to the commercial competitive interest rates in Brazil.

But they also get the unusual benefit of repaying a hard loan with soft currency. Olinkraft does not agree to repay the United States, from whom it receives American dollars, in any respect whatsoever. The Brazilian Government, according to the second step, receives a grace period of 10 years at 1 percent. Then, thereafter, the interest rate for the United States is 2½ percent and the amortization period is 40 years.

I thought the Senator would be interested in having me cite this unusual feature of the program which, as the Senator has pointed out, has been eulogized as being charitable in purpose and eleemosynary in effect. I am not sure it is either. As I look at the development loan program, it is primarily for the benefit, whether intended or not, of the recipients of the loan, in credit, the dollars they are advanced.

Now, unfortunately, as the Senator from Minnesota [Mr. McCARTHY] has pointed out, the Government of Brazil profits greatly. It pays 1 percent for 10 years and 2½ percent for 40 years. Meanwhile, it has had payment of the loan, which it did not make in the first place, and has the benefit and use of the money during all this time. It unquestionably is of benefit to the country.

But, why should the United States be considered entirely secondary in repayment? Why should not this subsidiary, the large American corporation, be willing to repay the United States from which it receives the hard loan? I just point this out to the Senator from South Dakota for his information.

Mr. MUNDT. The Senator from Tennessee makes a very good point. I see no good reason why the American corporation which gets this preferential interest rate should not repay the interest rate in full to the United States instead of to a foreign government, enabling the foreign government to make a large and substantial profit on a financial transaction, to the detriment of the United States.

While we are dealing with specific cases, let me point out that a number of us today have sent a letter to the Secretary of Agriculture, Mr. Freeman, the text of which will be released in tomorrow morning's papers, signed by some eight or nine Senators, dealing with one of the concomitants which flow out of this kind of foreign loan.

This one happens to be a loan from the Export-Import Bank, but it might just as well have been one issued by AID. It is in the same category of developing loans, and deals with the announcement in the New York Times on July 11, under the heading of, "United States Investor Makes Rumanian Pork Deal," with the story under a Belgrade, Yugoslavia, dateline.

It describes the investment of a man named Milton Gordon who has come up with a kind of interesting way to make a living in Rumania. He proposes to borrow from the Export-Import Bank the necessary money by which he is going to build in Budapest an organization called Prado Export, a Rumanian trading company, which has announced that it will specialize in breeding and processing more than 300,000 pigs a year.

Mr. Gordon tells the Export-Import Bank:

Your security is absolutely sound, because the Romanian pork producing company is going to sell its product in the United States.

Now this is still another blow at long-suffering American agriculture. This is another way we ignore the American processor and producer. When we start making loans to economic enterprises abroad with no consideration of what kind of potential competitor we are creating, and then do it by a ridiculously low subsidized interest rate, we have run the whole gamut of inventive ideas trying to figure out a method to bring bankruptcy to the United States.

We have written Mr. Freeman a letter protesting this. I want to add, in fairness, that it is not his responsibility. It was not his suggestion. It was suggested by the Export-Import Bank. But we are asking the Secretary of Agriculture, as the sole Cabinet member spokesman for the American farmer and rancher, to file a protest with the Export-Import Bank, which is mainly financed by American money, against this loan, subsidizing, with American funds, a Communist pork-processing plant to sell its products in the United States, in competition with the private enterprise American farmer.

Unhappily, we find instances of that kind when dealing with AID, but I want to make it clear for the RECORD that this is not one of the misadventures of AID. This one happens to be with the Export-Import Bank.

Mr. President, I ask unanimous consent that our joint letter to Secretary Freeman and the news story relating to the matter be printed at this point in the RECORD.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

JULY 25, 1966.

HON. ORVILLE FREEMAN,
Secretary of Agriculture,
Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: All of us were deeply shocked to note in the New York Times for July 11, 1966 on page 41 of Section C that a New York Investor is obtaining credits from the Export-Import Bank to implement a signed agreement for processing pork products in Rumania and selling them in the United States.

According to the news story (copy attached) arrangements provide for the breeding and processing of more than 300,000 pigs a year which are to be sold in the United States. The article goes on to state further that Intercontinental Markets, Inc. will supply about \$8 million worth of modern American-made equipment for the process and that the output would be worth about \$10 million a year for the next decade. All of this is to be financed with credits to the extent of 72% from the Export-Import Bank, another 12% from American banks and the

remaining funds from Prodexport, a Rumanian trade company.

As the spokesman for American Agriculture, it is imperative that you lodge a strong protest against this policy which permits the granting of credits for implementation of this agreement which will permit Rumanian pork products to come to this country in competition with our own producers. Hog prices have already declined several dollars in the past few months to the detriment of our United States producers. All forecasts by knowledgeable agricultural economists are to the effect that hog prices will decline even further in the future.

In fact, the report by the Department of Agriculture entitled Livestock and Meat Situation released in May of 1966 states that hog prices will likely be considered below fourth quarter 1965 and that this general supply-price situation will extend into 1967. This statement in your report is based on the study by the Department that the supplies of hogs will be higher and that the prices will decline in the coming months.

Therefore we urge that you contact officials of the Export-Import Bank requesting that they reconsider their policy of extending credits to foreign investors for the purpose of entering into enterprises which will result in the importation of farm products into this country in competition with our own producers and cause a resultant depressed price for our own hog producers.

Our farm economy is already too depressed and it is unthinkable that our farmers must be subjected to further attacks on their efforts to obtain parity by foreign imports which are financed and implemented through policies of governmental agencies which are mainly financed by the American taxpayer. It is even more unfortunate that these policies and credits are extended to a Communist nation and that we are actually depressing the economy of the hog producers and processors of this nation for the benefit of the hog producers and processors of a Communist nation.

We hope that you will give this matter your most serious consideration and that you will, with the full prestige of your position as Secretary of Agriculture, contact the Export-Import Bank requesting them to reconsider their position on the extension of the credits discussed in this news story so that loaning agencies will in no way be using our taxpayers dollars to further depress parity income for the American farmer. We would appreciate your writing us a letter conveying your reaction to this development and letting us know of any actions you will take to be helpful.

With best wishes, we are

Cordially yours,
KARL E. MUNDT, FRANK CARLSON, MILWARD L. SIMPSON, ROMAN L. HRUSKA, JACK MILLER, BOURKE B. HICKENLOOPER, CARL T. CURTIS, JOHN SHERMAN COOPER, LEN B. JORDAN, MILTON R. YOUNG.

[From the New York (N.Y.) Times,
July 11, 1966]

U.S. INVESTOR MAKES RUMANIA PORK DEAL

BELGRADE, YUGOSLAVIA, July 10.—Milton A. Gordon, a New York investor, has announced here that he has signed an agreement with a Bucharest company for processing Rumanian pork products and selling them in the United States.

Mr. Gordon said last week the arrangement between his company, Intercontinental Markets, Inc., and Prodexport, the Rumanian trade company, will call for breeding and processing of more than 300,000 pigs a year.

Intercontinental will design a packing plant, probably to be situated near the Danube, and will supply about \$8-million worth of modern American-made equipment for the process.

Mr. Gordon added that the output would be worth about \$10-million a year for the next decade. He said he would get credits from the Export-Import bank for 72 per cent of the project and financing from American banks for another 12 per cent. The remaining funds are to be provided by Prolexport.

Mr. MUNDT. Mr. President, let me say, in conclusion, we hear a great deal in this country about the merits and demerits of dollar diplomacy. The question is brought up and debated pro and con whether or not, by the use of American money in grants, export loans, development loans, in aid to military juntas and others, we can in fact develop a lasting peace and will in fact help set back the Communist menace of which we are all aware.

During the long, almost 20-year history during which we have had AID, we have had some successes and some failures. Apparently, we learn little from either our successes or our failures, because we move along with the same formula, prescribing the same medicine, regardless of the ailment involving some particular country. We have a responsibility as the greatest free nation in the world, as the leader of the free world. We also have a responsibility as a government of our people to do what we can to help hold the world right, to prevent global war, to prevent godless communism from enslaving additional areas and populations of the world.

And so none of us who are advocating these correctives in the AID program holds to the position that America should not do anything. We do not deny that dollar diplomacy is one tool by which to exercise our responsibility as a world leader. But when dollar diplomacy is changed into tincup diplomacy; when, instead of exercising prudence in allocating loans, in making grants, we simply turn billions of dollars over to foreign governments to make investments, to use these dollars as they please, then we substitute the tincup concept of diplomacy for one which should be related to our American success experience, which is based on building up the productive power of a country, which is based on building up the tax base and income producing capacity of a country, and trying to help it to help itself.

I deplore this tendency to keep trying to inject into what is already an expensive and troublesome practice of dollar diplomacy, this outworn and outmoded concept of tincup diplomacy, which is merely an undirected, unprotected, uncontrolled policy, whereby we hope the mucilaginous quality of American dollars in bigger bundles will hold the world together.

We need something better than that, and I applaud the decision of the Committee on Foreign Relations to hold the interest at 3 percent, even though, at 3 percent, it still requires a considerable subsidy on the part of the American taxpayer, who has to pay much more than that in order to borrow money publicly, and more than twice as much to borrow privately.

I hope the Senate does not emulate the curse of Sisyphus, of Greek mythol-

ogy, who was condemned to march up a hill pushing up heavy rocks ahead of him until they reached the summit, and then to roll them down again, and then to push them up again, and then to roll them down again, for eternity.

I hope now, having moved a forward step, we do not retreat to the erroneous procedures we have followed in the past. I hope the Senate defeats the McCarthy amendment.

The PRESIDING OFFICER. The question is on the McCarthy amendment. The yeas and nays have been ordered, and the clerk will call the roll—

Mr. MUNDT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I think it is a great pity that the rollcall has been called off. I think there should be more Senators on the floor to hear these speeches.

Mr. McCARTHY. We were having a call in order to get speakers. If the Senator wishes to speak, he may do so.

Mr. GRUENING. I only wish there could have been more Senators to hear the eloquent speech of the Senator from South Dakota [Mr. MUNDT], and that the audience had been greater.

Mr. McCARTHY. Will the Senator include my speech in that category?

Mr. GRUENING. Yes. All the speeches have been eloquent.

Mr. McCARTHY. It is the same speech I made Friday.

Mr. GRUENING. Like rare wine, the Senator's speech improves with age.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I repeat my view that it is a great pity that so few Senators were on the floor when the very interesting discussion between the Senator from Minnesota and the Senator from South Dakota took place.

I personally feel that the amendment proposed by the Senator from Minnesota to reduce the interest rate from the 3-percent figure to 2½ percent is a distinct disservice to the American taxpayer, who is now paying a much heavier interest rate for domestic loans. The low rate now in effect constitutes and additional burden upon him on every loan that is made abroad under our foreign aid program. I hope we will not step backward.

I believe that the 3 percent now provided is extremely generous. It costs

the American taxpayer 4½ percent, 5 percent, or 5½ percent to obtain his money and those rates are going up. I see no reason why the modest increase of one-half of 1 percent, which was provided by the committee, should not stand.

I believe that to reverse the committee's action and go backward would be a great mistake. The foreign aid program has been extremely lavish, extremely generous in the loans it has made hitherto and in the negligible interest rates that have been collected to date. Until not long ago, we were making these loans all over the world at three-quarters of 1 percent, with no repayment of principal for 10 years.

It is obvious that many of these loans will never be repaid. When the 30- or 40-year period for which the loans are made expires, it is certain that the argument will be heard that "those who authorized these loans are no longer with us; you cannot expect to get blood out of a stone, and these loans must be canceled." We might at least be collecting a little more interest during that time before the loans are written off for the benefit of the American taxpayer.

I hope that the amendment of the Senator from Minnesota will be defeated; and I regret that the eloquent address of the Senator from South Dakota in opposition to it was heard by so few, as well as the excellent statement made by the senior Senator from Tennessee, who is extremely knowledgeable in matters of finance, and who shares the view that I and other Senators have expressed.

Mr. LAUSCHE. What about the Senator from Ohio?

Mr. GRUENING. The Senator from Ohio calls my attention to the fact that he also spoke on this subject, which I did not know. But if he spoke in opposition to the amendment, I commend him highly.

Mr. GORE. Mr. President, when the senior Senator from Ohio speaks, it is always eloquent.

Mr. GRUENING. It is always eloquent.

Mr. President, I yield to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I agree with the Senator from Alaska. The restrictions on our credit are so great in our country that we should not at this point support the amendment.

Mr. GRUENING. Mr. President, I do not believe that, at the same time the interest rates are being raised in the United States, we should be engaging in a move to cut the rate of interest to foreign countries.

It is utterly inconsistent. It is an example of a double standard which I cannot approve. Our people deserve equal treatment, at the very least, if not priority. However, that has not been the attitude of those who support amendments of this kind and who have supported some of the lavish expenditures in the past in the foreign aid program.

Mr. GORE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. GORE. Mr. President, the Senator is aware, I am sure, that development loans are made in large part not to foreign governments but to business institutions, many of which are subsidiaries of our own large, successful corporations, for the purposes of their own foreign investment.

These loans undoubtedly inure to the benefit of the foreign country in that it brings about development. It exports dollars and commodities and materials to those countries from the United States, and they have very favorable interest rates and amortization. The first beneficiary in a great many cases, if not in the majority of the cases, is a private corporation doing business in another country.

Mr. GRUENING. The Senator is correct. The Senator pointed that out most eloquently on last Friday. I listened to his speech with rapt attention. I would say also that this is not the time to do this. We took a step forward in the committee. We are moving in the right direction to save our balance of payments.

This would be a move to the rear, as the Senator pointed out.

I regret that more Senators were not on the floor to hear his statement.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. LAUSCHE. Mr. President, I have wanted to support the State Department and the administration to the maximum degree possible under the circumstances that prevail today in the foreign aid program.

I regret that I cannot support it with regard to the interest rates and the maturity periods on loans. I cannot do so, because I know that other nations in the world, from the standpoint of balance of payments, possession of gold, and size of national debt, are in a far better position than is the United States to make what some have described as eleemosynary loans.

Germany is in a better position. France, from the standpoint of position of gold, is in a better position than we are. I doubt whether Britain is. However, there are nations that are better equipped to lend money on long interest rates and long periods of maturity than is the United States.

The fact is that we have been the most generous and the most merciful nation in making these loans. Even though other nations are decreasing their charges and we are increasing our charges, we are still in a much better position to claim generosity than are the nations that are aligned with us in the program.

Our loans have been made, as I have previously indicated, for periods of 40 to 50 years.

I would say that the maximum terms of the loans that have been made by the other nations are 15 to 20 years.

Our interest rates are lower. Our periods of maturity are far longer, and thus we occupy an unchallengeable position among the developed nations when we consider what are supposed to be eleemosynary or charitable loans.

These are the reasons why I cannot support the amendment of the Senator from Minnesota. In my judgment, such action would not be sound.

I commend the Senator from Alaska for the position which he has taken. I have advocated an increase in the interest rates on money loaned to rural electrification projects. When I advocate that increase of rate, how can I ask that the rate of interest charged to foreign countries be lower than that which I ask to be charged to the rural electrification programs of the United States?

Mr. GRUENING. Mr. President, before I yield the floor, I should like to comment briefly on the excellent statement of the senior Senator from Ohio. He said the United States has been most merciful. I suggest that this mercy be extended to the American taxpayer by voting against the amendment.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MUNDT. Mr. President, I join in the commendation of the senior Senator from Ohio.

I salute the Senator from Alaska for his excellent statement and for his support of fair and equitable interest rates—worked out with great labor, I might say, by the Foreign Relations Committee—and I am cognizant of the high interest rate era in which we are living.

I hope that the Senate will stand by the committee.

I take this opportunity also to congratulate the Senator from Alaska and to call to the attention of the Senate a report which each Senator will find on his desk. The report is entitled "United States Foreign Aid in Action. A Case Study."

It is pretty strong reading for taxpayers with good stomachs. I think we ought to read it.

It was pointed out by the Senator from Alaska, as a member of the subcommittee of the Committee on Government Operations, and authorized for printing and circulation by our full committee.

The report is on our desks, and it is certainly related to this issue of whether we want now to take a backward step and increase even further the interest subsidy that we are asking the American taxpayers to give on the so-called loans abroad.

I hope that the Senate will stand by the committee and the 3-percent rate which we have prescribed.

I congratulate the Senator from Alaska.

Mr. GRUENING. I thank the Senator.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I do not wish to detain the Senate long. We discussed this problem in committee and I supported the position taken by the Senator from Minnesota.

The debt burden of many underdeveloped nations are increasing at a rate beyond their capacity to service them.

I think the problem is getting more and more out of balance.

I have discussed this matter with Mr. George Woods, of the World Bank. Mr. Woods has made public statements to the

effect that it would be disastrous for the developing countries if interest rates were made too high. I think that the rate now in the bill would be going too high.

This is quite a different matter from limiting the amount that we will lend. If we are to have a program it ought to be efficient and well adapted to achieve its purposes.

I believe the Senator from Minnesota is correct in his amendment, and I hope the Senate will support it. It is not very much, but I believe it is a symbol and should be supported.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. McCARTHY].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. CANNON], and the Senator from Arizona [Mr. HAYDEN], are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS], are necessarily absent.

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Oregon [Mrs. NEUBERGER].

If present and voting, the Senator from Nevada would vote "nay," and the Senator from Oregon would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from Kentucky [Mr. COOPER], and the Senator from Michigan [Mr. GRIFFIN] would each vote "nay."

The result was announced—yeas 36, nays 50, as follows:

[No. 152 Leg.]

YEAS—36

Aiken	Jackson	Montoya
Anderson	Javits	Morton
Bartlett	Kennedy, Mass.	Moss
Case	Kennedy, N.Y.	Nelson
Church	Long, Mo.	Pastore
Clark	Magnuson	Pell
Douglas	Mansfield	Ribicoff
Fulbright	McCarthy	Sparkman
Harris	McGee	Tydings
Hart	McGovern	Williams, N.J.
Holland	Metcalf	Yarborough
Inouye	Mondale	Young, Ohio

NAYS—50

Bennett	Curtis	Gore
Bible	Dirksen	Gruening
Boggs	Dominick	Hartke
Brewster	Eastland	Hickenlooper
Burdick	Ellender	Hill
Byrd, Va.	Ervin	Hruska
Byrd, W. Va.	Fannin	Jordan, N.C.
Cotton	Fong	Jordan, Idaho

Kuchel	Prouty	Smith
Lausche	Proxmire	Stennis
Long, La.	Randolph	Symington
McIntyre	Robertson	Talmadge
Miller	Russell, S.C.	Thurmond
Monroney	Russell, Ga.	Tower
Morse	Saltonstall	Williams, Del.
Mundt	Scott	Young, N. Dak.
Murphy	Simpson	

NOT VOTING—14

Allott	Cooper	Muskie
Bass	Dodd	Neuberger
Bayh	Griffin	Pearson
Cannon	Hayden	Smathers
Carlson	McClellan	

So Mr. McCARTHY's amendment was rejected.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MORSE. Mr. President, I move to lay the motion on the table.

The PRESIDING OFFICER (Mr. KENNEDY of Massachusetts in the chair). The question is on agreeing to the motion of the Senator from Oregon.

The motion to lay on the table was agreed to.

AMENDMENT NO. 686

Mr. GRUENING. Mr. President, I call up my amendment, No. 686, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 14, line 18, before the quotation marks insert the following: "No commodity shall be furnished pursuant to this chapter unless the Administrator of the Agency for International Development shall have found with respect to each such commodity that there is substantial need therefor in order to make a planned contribution of the economic development of the country to which the commodity is to be furnished."

Mr. GRUENING. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, the commodity import program provides, under the supporting assistance provision of the Foreign Assistance Act, imports of capital goods, raw materials and consumer goods to developing countries. The objectives of the program are to save foreign currency reserves by cutting down on the necessity for foreign expenditures, to provide additional foreign government revenues to balance the budget and to help combat inflation in the recipient countries. One of the more significant program guidelines outlined by the administering Agency for International Development is that the program be so constituted as to "stimulate domestic production where possible by reducing imports purchased with aid funds as rapidly as domestic production could be developed." High priority raw materials were to be made available to stimulate domestic industrial growth in order to achieve the long-range goal of a viable self-supporting economic base in each country involved.

The program operates by letting foreign commercial importers determine what goods are to be brought into their country with AID financing. This is hardly conducive to producing a demand for goods necessary for sound economic development.

Several weeks ago, in this Chamber, my colleague, the junior Senator from

Michigan, made some salient remarks about the administration of the commodity import program in Vietnam. He cited "serious mismanagement and ineffective controls" as causes of the failure of the program in that country, where black-market profiteering and inequitable license allocations have been the rule, rather than exceptional occurrence. Senator GRIFFIN found that instead of open licensing, there is a list of approved importers maintained by the Saigon Government; these firms attain this position by "under-the-table payments to the appropriate local officials." Once goods are obtained, the importer has free rein over their distribution. In addition, it was said that the importers received kickbacks from sales, and frequently, by using false documents, purchased goods with our credit that were not produced in the United States.

Unfortunately, this story is not a new one. General Accounting Office reports, for as far back as 1962, about commodity import programs in several Asian nations report comparable failures, where major portions of the aid funds are not used in a way conducive to long- or short-term economic growth. These reports found the program of the Agency for International Development tended toward financing consumable, and even luxury goods, rather than investment capital or raw materials for domestic industry. The GAO reports that synthetic yarns were used for luxury fabrics instead of for tires and fishnets; that fine, highly priced fabrics were produced instead of less costly wool and synthetic cloths of equal durability.

In Turkey and Korea, as well as Vietnam, the early years of this program were rife with evidence of collusive auction bidding for licenses, and commodity imports. In the absence of a valid priorities system, some areas, such as cotton textile and flour, were highly overexpended to the point that there were surplus supplies in warehouses, while fishing net and fertilizer production were inadequate though the raw materials were available for use. There are many cases where the method of allocation caused higher prices than necessary to be paid for goods; for example, had fertilizer been bought in the off season, as estimated, \$240,000 could have been saved in 1 year, in one country.

Purchase of goods that countries could have produced themselves or for which there were resources available for the development of industry, have occurred regularly, in contrast to the guidelines which would encourage domestic industrial growth.

It appears that we would be wise to require greater control on the part of the Administrator of AID for the determination of commodities which will be financed by the Agency for International Development, and for the determination of the part these items will play in the country's economic development plan to assure their proper utilization. In view of the fact that the commodity import program takes the largest amount of the supporting assistance allocation, and has shown itself to be in need of revision, I propose the amendment.

Mr. President, I hope that the manager of the bill will accept the amendment. I think that it is reasonable.

Mr. FULBRIGHT. The objective of the amendment is unobjectionable but I think it would be very offensive to those who administer the program. The Administrator, of necessity, must make a determination that every commodity sent to a country is needed.

We are dealing with the question of administration and the efficiency of administration. I cannot see how putting this requirement in the law will make the administration any more efficient than it is now. It is somewhat like passing a resolution requiring everyone to abide by the Ten Commandments. I cannot see how such a resolution would have any effect whatever on the conduct of anybody. The Senator's amendment requires that: "there is a substantial need for each commodity." It might require an enormous amount of paperwork, but I do not see how it would have any practical effect. We went to considerable trouble to set up an inspector general with a staff, and I think they have done a pretty good job trying to check on the efficiency of the administration of the agency with regard to commodities and everything else. This is a difficult activity to supervise. Some of the worst things in Vietnam which have come to my attention are not due to AID operations but result from Defense Department policies in the operation of its PX's.

The famous incident of the hair spray, for instance, was not from an AID activity at all but was part of the operation of post exchanges by the Department of Defense. Other examples of that nature have come to our attention. I do not see how the amendment actually changes the situation at all other than that it imposes a certain amount of paperwork upon the Administrator.

The amendment was not presented to the committee. We had no opportunity to consider it. However, since it has come to my attention on the floor of the Senate, with all due deference to my good friend, the Senator from Alaska, I do not see that it would add anything to the efficiency of AID operations.

Mr. GRUENING. It is a guideline. It seems to me that experience has shown that the AID administration and its predecessors need to hear from Congress, giving it indications which way it should go to improve the program. This is all my amendment would do. It is a strong indication and a desirable one. Here countries are worrying about disposing of their important luxury goods and are neglecting the basic commodities. This is what the amendment is trying to bring about. The Senators says the amendment will not do too much. On the contrary, I feel if AID is to achieve its objectives the amendment will be very desirable. I do not believe that anyone can quarrel with that.

Mr. FULBRIGHT. I am willing to take the amendment to conference, because time is of the essence at this moment. I do not really think, however, that it will change anything.

Mr. GRUENING. I appreciate that. I think we should vote on it now.

Mr. President, I ask unanimous consent to withdraw the yeas and nays and have a voice vote on my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment (No. 686) of the Senator from Alaska.

The amendment was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 687

Mr. GRUENING. Mr. President, I call up my amendment, No. 687, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read the amendment as follows :

On page 18, between lines 5 and 6, insert the following:

"(b) Section 605(c) is hereby amended to read as follows:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act shall be covered into the Treasury as miscellaneous receipts."

On page 18, line 6, strike out "(b)" and substitute "(c)".

On page 18, line 10, strike out "(c)" and substitute "(d)".

On page 19, line 9, strike out "(d)" and substitute "(e)".

On page 19, line 15, strike out "(e)" and substitute "(f)".

Mr. GRUENING. Mr. President, section 605(c) of the Foreign Assistance Act of 1961, as amended, provides that funds realized by the Agency for International Development from filing claims against foreign countries and foreign importers can be reused by AID for the same general purpose. AID has established numerous requirements concerning its financing of economic assistance and has developed procedures for monitoring transactions to insure that these requirements are adhered to. For example, AID regulations prescribe that commodities which are bought by a foreign importer and which AID finances under the economic assistance program are to be purchased at prevailing market prices. If AID auditors find that a foreign importer has purchased commodities at inflated prices, with AID paying the U.S. supplier a premium price, AID will process a claim against the foreign importer.

In practice it is very difficult to obtain a refund from a foreign private importer because of the difficulty of pursuing the claim in a foreign court. As a practical recourse, AID seeks recovery of any amounts which have been improperly included in its financing from the foreign country involved, which by agreement, has undertaken to reimburse the United States for such amounts. It has also been AID's practice to reprogram any funds realized from claims by making

such funds available to the country for economic development programs.

Thus we have seen situations in which a foreign importer conspires with a supplier to fix the price of an AID-financed transaction. AID subsequently discovers that it has overpaid and attempts to obtain an appropriate refund from the importer. This proves to be impossible so AID asks the country government for a refund. The foreign government makes out a check for the amount of the overcharge and AID promptly turns the money back to the country. All of this is permitted under section 605(c).

But what purpose does all of this serve? The foreign importer and the supplier who have conspired to fix the price of the commodity retain their exorbitant profit; and the foreign country has paid for the overcharge out of one pocket and received it back in another pocket. The United States has been the loser and is powerless to do anything about it. Meanwhile AID keeps a large staff of auditors and investigators busy finding instances of overcharges and other improprieties in AID-financed transactions, and another large staff engaged in processing claims.

The only purpose achieved by all of this, as far as I can discern, is that AID is enabled to state that it does not finance any transaction which it finds to be improper. True enough, but the United States does not save a nickel in the process.

My amendment attempts to introduce some rationale into this Alice-in-Wonderland procedure by requiring all funds collected by AID from claims resulting from the inclusion of improper amounts in transactions which it has financed to be deposited to miscellaneous receipts of the Treasury. If AID desires to reuse these funds, it will be required to seek authority to do so in its annual request for authorization and appropriations.

Mr. President, I ask for the yeas and nays.

Mr. FULBRIGHT. Mr. President, I wonder whether the Senator wishes to insist on asking for the yeas and nays on his amendment, or will withhold his request until we can have a little discussion of his amendment. There will be no trouble getting the yeas and nays if the Senator still desires them.

The PRESIDING OFFICER. Does the Senator from Alaska withhold his request for the yeas and nays?

Mr. GRUENING. Mr. President, yes. I will withhold my request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, what this amendment would do, in effect, would be to say to AID that if it recovers any money from misapplication of funds—

Mr. HICKENLOOPER. Mr. President, a point of order. I could not hear the remarks of the Senator from Alaska, neither could I hear him asking for the yeas and nays on his amendment. There is so much noise in the Chamber that I cannot even hear what the Senator from Arkansas is trying to say. I wish we could have some order in the Chamber.

Mr. FULBRIGHT. It is true there are a number of Senators engaged in private conversation at the moment. I have never found an effective way to stop it. If the Senator can suggest anything, I will be very pleased to know what it is.

The PRESIDING OFFICER. The Senate please be in order.

Mr. FULBRIGHT. Mr. President, this amendment provides that in the case of mismanagement of a project in a particular country, if part of the funds are misapplied and later recovered, the funds would not remain with AID for reuse, but would revert to Treasury's miscellaneous receipts account.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. Does the Senator interpret that statement to mean that if AID makes a bobble and recovers it, it can put it in its pocket and use it again?

Mr. FULBRIGHT. This need not be a bobble on the part of AID. A foreign Government or importer may make a mistake. It may not be a matter of a bobble on AID's part. In some cases it could be a failure by AID to supervise as closely as it should have. Sometimes the importer misrepresents something, perhaps, which it should have reported differently. It is not always a matter of misconduct. Sometimes it is a matter of misjudgment.

The principle involved is that we should not destroy, by such an amendment, an incentive for AID officials to maintain efficient administration. In other words, if AID is not going to get the recovered money back, the officials will say, "What interest is in it for me to try to do anything about it?" AID will be less active in supervising transactions if this amendment is adopted. That is only human nature.

If the money is sent back to the Treasury, the AID officials will say, "Let the Treasury, or the Secret Service supervise it. It is not our problem. It is beyond our competence and jurisdiction," whereas, if AID will have the money to re-use, it will have a distinct motive or incentive to supervise the program to see that it is run properly.

I think it is a matter of everyday, common horsensense, that it is not a good amendment. The money is provided to be used in the AID program in the first place, and if it is recovered because of misuse in some way it should be used in that program and not revert to the Treasury. AID does not necessarily have to use it in the country where the misdeed occurred.

Mr. GRUENING. But AID can and often does.

Mr. FULBRIGHT. AID can use it in its program wherever it feels it should be used. It is not as a result of misdeeds on the part of AID. Very often it is as a result of the borrower or the host country making a misapplication, perhaps through a misunderstanding of the regulations. Any number of things may occur.

I have no objection to trying to tighten up the administration and make it more effective. There is a question of com-

nonsense involved. It strikes me that there is less likelihood that the administrators will try to improve the program if we say, "You cannot have the money." If we say that, AID will not be as diligent. A question of judgment is involved. From the Senator's knowledge of human nature, it is a question of whether the amendment is best designed to give an incentive to the people in AID to try to recover money which has been misapplied.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. I am surprised to hear the Senator contend that the AID Administrator would have no concern in seeing the money get back to the Treasury of the United States and to the American taxpayers, rather than respond money, as a result of what may be a fraudulent transaction. I cannot understand why this would not be a motivation for the AID people to be interested in the financial interests of the United States.

Mr. FULBRIGHT. It is a matter of degree. We are all interested in the operations of the Government, but we are more interested in our own aspect of Government operations than we are in the broad operations of the Federal Government as a whole. I did not say that AID officials were not concerned, but that they are more concerned with their own operations than they are with the overall operations of the Government. I think that is commonly true of most Government employees. It is a matter of judgment.

Mr. GRUENING. I think they should be as concerned with the Federal Government.

Mr. FULBRIGHT. We should all be better than we are, but human beings are not infallible.

Mr. GRUENING. I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alaska (putting the question).

The Chair is in doubt.

Mr. MORSE. Mr. President, I ask for a division.

The PRESIDING OFFICER. All in favor will rise and be counted. All opposed will rise and be counted.

Mr. GRUENING. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alaska. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. CANNON], and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting the Senator from Oregon [Mrs. NEUBERGER] would "nay."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Louisiana [Mr. ELLENDER].

If present and voting, the Senator from Nevada would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from Kentucky [Mr. COOPER], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

The result was announced—yeas 29, nays 56, as follows:

[No. 153 Leg.]

YEAS—29

Bartlett	Ervin	Robertson
Bible	Fong	Russell, S.C.
Brewster	Gruening	Russell, Ga.
Burdick	Hart	Simpson
Byrd, Va.	Hartke	Stennis
Byrd, W. Va.	Jordan, N.C.	Symington
Cotton	Metcalf	Talmadge
Dodd	Montoya	Thurmond
Douglas	Morse	Yarborough
Eastland	Ribicoff	

NAYS—56

Aiken	Jackson	Moss
Anderson	Javits	Mundt
Bennett	Jordan, Idaho	Murphy
Boggs	Kennedy, Mass.	Nelson
Case	Kennedy, N.Y.	Pastore
Church	Kuchel	Pell
Clark	Lausche	Prouty
Curtis	Long, Mo.	Proxmire
Dirksen	Long, La.	Randolph
Dominick	Magnuson	Saltonstall
Fannin	Mansfield	Smith
Fulbright	McCarthy	Sparkman
Gore	McGee	Tower
Harris	McGovern	Tydings
Hickenlooper	McIntyre	Williams, N.J.
Hill	Miller	Williams, Del.
Holland	Mondale	Young, N. Dak.
Hruska	Monroney	Young, Ohio
Inouye	Morton	

NOT VOTING—15

Allott	Cooper	Muskie
Bass	Ellender	Neuberger
Bayh	Griffin	Pearson
Cannon	Hayden	Scott
Carlson	McClellan	Smathers

So Mr. GRUENING's amendment (No. 687) was rejected.

AMENDMENT OF SECTION 502 OF MERCHANT MARINE ACT OF 1936, RELATING TO CONSTRUCTION DIFFERENTIAL SUBSIDIES

Mr. BARTLETT. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to S. 2858.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2858) to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies, which

was, to strike out all after the enacting clause and insert:

That the proviso in the second sentence of subsection (b) of section 502 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1152(b)), is amended by striking out "June 30, 1966", and inserting in lieu thereof "June 30, 1968".

Mr. BARTLETT. Mr. President, I move that the Senate disagree to the House amendment and request a conference with the House of Representatives thereon, and that the Presiding Officer appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Messrs. MAGNUSON, LAUSCHE, BARTLETT, BREWSTER, PROUTY, and DOMINICK as conferees on the part of the Senate.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare and the Committee on Finance be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AMENDMENT NO. 650

Mr. HICKENLOOPER. Mr. President, I call up my amendment No. 650, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 650) proposed by Mr. HICKENLOOPER is as follows:

On page 16, in lines 2, 7, 8, and 9, strike out "RECONSTRUCTION" and insert "DEVELOPMENT".

In line 10, strike out "underdeveloped" and insert "less developed."

In line 10, strike out "in Asia and Africa".
In line 12, strike out "Reconstruction" and insert "Development".

In line 13, strike out "two" and insert "one or more".

In line 14, strike out "three" and insert "one or more".

In line 15, after "established," insert "A majority of the members of each such Commission shall be citizens of the country in which it is established."

In line 16, strike out "that" and insert "for the selection of".

In line 17, after "established" insert "who wherever feasible".

In line 20, insert a period after "office" and strike out the rest of the sentence.

In line 24, strike out "reconstruction in" and insert "development of".

In line 25, strike out "shall" and insert "may".

On page 17, insert a comma after "research"; strike out "and"; after "training" insert "and other".

In line 2, strike out "reconstruction" and insert "development".

In line 12, strike out the quotation marks.

After line 12, add the following:

"(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act."

Mr. HICKENLOOPER. Mr. President, this is a corrective amendment to a provision already in the bill in chapter 7, section 471, on page 16 of the bill. That provision inserts in the bill the authority for the AID director to establish, with not to exceed 10 percent of the funds made available pursuant to section 212, a Formosa-type land reform program, which has proved to be unusually effective in Formosa. It provides for the establishment of joint commissions between the United States and the receiving country, with a majority of the commissioners belonging to the receiving country. Its jurisdiction goes from the top, that is, from the central authority in the country, down to the various regional authorities, where the same kind of pattern is followed.

In some ways, this provision appeals to me as being a sort of advanced county agent system, where each authority provides for an expert in agriculture to advise and work with the people in the area, until it gets down to the small units. The system has, as I have stated, been remarkably successful in Formosa, or Taiwan.

The provision—which is section 471 on page 16—was put in the bill in committee, but after discussion with AID, there were certain corrective suggestions which AID made.

For instance, instead of calling it a joint commission or a commission on rural reconstruction, AID suggested that a better word would be "development." So this amendment would change that word.

Instead of limiting the joint commission to two citizens of the United States and three citizens of the receiving country, AID suggested that it be changed to provide for one or more citizens of the United States and one or more citizens of the receiving country, provided the receiving country has the majority on the commission.

That, in substance, is the burden of the amendment which I now offer. It meets with the approval of AID, and as far as I am concerned, it meets with my approval. I have submitted it to the staff of the Committee on Foreign Relations, and they feel that it probably is beneficial.

The burden of this is that the employees who are hired by this commission to aid the farmers really work for the local commissioners who can fire them at will. It keeps them on their toes. It is working remarkably successfully in Formosa.

I merely suggest these amendments to that provision that is already in the law.

Mr. FULBRIGHT. Mr. President, I have discussed this with the Senator and

with the staff. I think it is a good amendment.

I am familiar also with the success of the county agent program which has some aspects similar to those in this proposal. I think it is a good amendment, and I am very glad to accept the amendment.

Mr. HICKENLOOPER. I thank the Senator.

Mr. President, by way of explanation and saving the time of the Senate, I have here an article recently written by Albert Ravenholt concerning this program in Formosa which was instituted by the Chiang Kai-shek government and which proved to be so successful.

Mr. Ravenholt is a foreign correspondent who spent a good many years in the Orient and in southeast Asia. He exposes this program to all of the benefits it is supposed to have.

The article is very interesting, and I earnestly hope that all Senators will read the article.

Mr. President, I ask unanimous consent that the article entitled "Awakening the Land," written by Albert Ravenholt, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AWAKENING THE LAND—PART 2 OF A SPECIAL REPORT

(By Albert Ravenholt)

HOW LAND REFORM IN FORMOSA IS CREATING A BETTER LIFE

Lee Chun-Sheng, a 67-year-old Formosan farmer, can neither read nor write. But Elder Brother Lee, as he is known, is a happy man. He confidently tends his crops and rears his family in Nantou County on Formosa's gardenlike west-central plain. He owns 3¼ acres of land, which he tills with the aid of his four sons.

His younger brother, Lee Chun-ho, who is 58, is even more prosperous. Younger Brother Lee owns only 2½ acres, which he works with two of his three sons, but he earns additional income by buying pigs from other farmers, fattening them, and trucking them to market. His new, two-story, concrete home dominates the old courtyard where the crops are dried. Ducks and geese wander about, and healthy grandchildren play together. An electric fan helps cool the house; a radio brings music and news into the home.

All across the Formosan countryside today there are signs of a vigorous prosperity comparable to that which the Lees enjoy. Modern brick houses are replacing the traditional thatched huts. Almost every farmhouse has electricity. Radios and sewing machines, once virtually unheard of, are commonplace. Many farmhouses now have electrical appliances such as rice cookers; some even have refrigerators. Mechanized farm equipment and up-to-date food processing plants are increasingly evident.

So rosy was the economic outlook in Formosa that the United States government in 1964 announced that it would end its economic aid to the island in 1965. After 15 years—and 1,400,000,000 U.S. dollars—the island economy was ready to stand on its own feet.

A SYSTEM OF VIRTUAL SLAVERY

To grasp the true significance of this transformation, one needs to look back. For over 4,000 years, the people of Asia have been chiefly farmers. They have always looked to the land for life, but the earth has been more cruel than kind. Peasants, charged with feeding more than half the human race, farmed with sticks and shovels. They grub-

bed at worn-out soil. They suffered under drouth and pestilence. And, to top it all, they were shackled in virtual slavery by a tenant-landlord system that wrung from them most of what they did produce.

The story of the Lee family of Formosa—coming as it does at a time of exploding population and emerging nations—has a profound significance for the world. The Lees have been swept ahead by social and economic changes that may be applied to many other parts of the world. These changes—loosely described as "land reform"—constitute a remarkable chapter in modern history.

The Lee story really begins back in 1948 in Washington, D.C., where the U.S. Congress passed the historic "China-Aid Act." Intended mainly to bolster the Chinese Nationalists against the communist threat, the act nonetheless specified that for every nine U.S. dollars spent on Chinese military strength, at least one dollar must go to improve the economy of hard-pressed rural areas. To administer this program, a Joint Commission on Rural Reconstruction (JCRR) was set up. It was staffed by three Chinese commissioners and two American commissioners.

But before the JCRR could make a significant impact upon Chinese agricultural life, communist armies overran the mainland, and President Chiang Kai-shek and his Chinese Nationalist government withdrew to Formosa. So it was Formosa, not the mainland, that was to become the scene of this dramatic story.

"We saw that we had two major tasks," said Chiang Monlin, the late chairman of the JCRR. "First, we had to break the economic and social obstacles that had blocked any chance for the peasant to get ahead. Then, we needed to introduce better farming methods that would assure greater, more dependable harvests."

The shift of scene from the mainland to Formosa brought both advantages and disadvantages. More than 2,500,000 mainland Chinese suddenly were superimposed on the economy of an estimated 7,300,000 Formosans. The Formosans, although largely of Chinese ancestry, had problems of their own. As far back as 1683, when Formosa became a prefecture of China, the Formosans had been victimized by officials appointed from far-away Peking. Special taxes exacted by these imperial mandarins eliminated many small landowners, forcing them to work for others. Hence, there emerged on Formosa a large landlord class which took a portion of every harvest. For 200 years, tenant farmers worked the land of others, keeping little for themselves.

FORMOSA IS CEDED TO JAPAN

In 1895, Formosa was ceded to Japan as part of the booty of the Chinese-Japanese War. Japan began at once to develop the island as an agricultural granary to supply its own industrial empire. The Japanese built new irrigation canals, stepped-up fertilizer production, and developed better seed varieties. They built new processing plants, railroads, and seaports. Production of tea, rice, bananas, and pineapples increased. Mineral production boomed. But the lot of the Formosan peasant changed little. Elder Brother Lee remembers those days well.

"We were farming with our father and Middle Brother," he said. "Together, we worked 10 acres, but we paid seven-twelfths of all we produced to the landlord. We had barely enough left to live on, but we had no choice. We did not own the land, and pressure for land got greater and greater."

Perhaps life for the Lees under the Japanese would have been better had not the population of Formosa grown as it did. In 50 years of Japanese rule, the number of Formosans increased from 2,000,000 to 7,300,000—over three and a half times! Credit for this population growth must go largely to modern public health programs, medical fa-

cilities, and doctors trained by the Japanese. It was a great achievement, but it intensified an already critical over-population problem in Formosa because the total of cultivated land remained fixed at about 2,153,000 acres.

"We could only have moved to the sea or the mountains," a county official says in describing their dilemma. As the population grew, ever more tenants competed to farm the same land. Landowners pushed rents higher, sometimes up to 70 per cent of the main crops. They also bought out smaller farmers when bad weather or family misfortune forced the latter to sell. Toward the close of the Japanese period, 68 per cent of the farm families on Formosa lived under a system of tenure.

Formosa was restored to China in August, 1945. Paradoxically, this at first made life even more difficult for farmers suffering from disrupted shipping, bombed-out railroads, and lack of fertilizers. Japanese administrators and technicians were sent home. They were replaced by Chinese officials, who now saw a chance to enrich themselves after lean years in the wartime capital of Chungking. Formosans had at first welcomed the mainland Chinese as liberators, but disillusionment turned to anger, and by February, 1947, it sparked an uprising that was suppressed with bloodshed.

Economically hard-pressed, tenant farmers became even more clearly "second class citizens." They hesitated to speak out in their dealings with landowners who often were the only available moneylenders. Formosa was developing bitter rural discontent similar to that which had given rise to communism in mainland China.

By 1949, Chinese Nationalist leaders, having learned a bitter lesson from their earlier reverses on the mainland, were ready to try new ideas. To revive production, and at the same time ease mounting social unrest, the provincial government led by then Governor and now Vice-President Chen Cheng put into effect the program of land reform originally planned for the mainland. The Joint Commission on Rural Reconstruction was revitalized, and a radical yet simple three-stage program was set up. As a first step, rents were to be reduced. Second, public land was to be sold to tenant farmers. Third, limits were to be set on how much land landlords could hold, and the surplus—to be purchased by the government—was to be subsequently resold to the tenant farmers.

The first step was taken in 1949. All farm rents were chopped to a maximum of 37.5 per cent of the annual main crop. (A photograph of the period shows a tenant farmer with his "37.5 per cent bride"—the girl he had been waiting for and now could afford to bring home with the extra cash retained from the crop.) Tenant farmers were guaranteed security by providing them with written leases for a minimum of six years. No family could be ousted from the fields it tilled without cause.

With JCRR assistance, more than 4,000 local officials and young people, including students, were recruited for intense educational "short courses." They then fanned out into the countryside to spread the word. Public meetings were held to explain the program. Posters, pamphlets, and mass media such as radio and newspapers were used to mobilize public enthusiasm before opponents of land reform could organize resistance. The volunteers supervised the writing of new land leases, especially those involving illiterate farmers. Since only a few Nationalist government officials owned land on Formosa, there was little political objection to the action at the top.

GOING AFTER THE TENANTS

Crucial to the success of the program were locally elected land commissions. These commissions, on which tenants and farm laborers held the majority of seats, arbitrated disputes between landowners and tenants

and among tenant farmers themselves. Because the commissions were composed of neighbors who knew each others' affairs intimately, they were able to act quickly and with a minimum of political involvement. The few problems they could not solve were referred to the courts. Some charged that this first step in land reform was high-handed. But Dr. Tang Hui-sun, chief of JCRR's Land Division, had a simple, compelling answer. "When you are fighting a civil war, who do you want on your side? The few who are landlords, or the many who are discontented tenants?"

Dramatic results followed. By the end of 1949, more than 370,000 leases had been signed and registered with village officials. Tenant farmers, who now knew they would be on the same land the next year, built pigpens and dug compost pits. Some planted fruit trees and green manure crops that could be plowed under to enrich the soil. Other developments were almost as revealing. Prior to reform, there had been considerable speculation in farmland. Now, however, with returns from farmland stabilized, families with wealth looked for alternative sources of income. This encouraged a more modern business attitude in the towns.

In 1951, the government initiated the second part of its program. Government-owned land was put up for sale to the tenant farmers. This land, involving almost one-fifth of all the farmland on Formosa, had been acquired by the government in 1945 as former enemy property. Only a part of it was held back for sugar plantation management. The price per acre was fixed at two-and-one-half times the value of the annual main crops. It could be paid for in semiannual installments spread over a 10-year period. Within two years, 121,953 farming families had bought 155,610 acres of government land. Income from these land sales in turn produced a much needed source of government revenue.

Meanwhile, provincial officials and JCRR specialists had launched a massive survey of available land and its potentials. All privately owned agricultural land was registered. This land in turn was classified as to productivity. By April, 1952, the task force assigned to the job had compiled and organized all the data on 6,600,000 "Land-Record and Land-ownership Cards." It was a large undertaking but well worth the effort, for the painstakingly gathered information became the basis of land reform legislation which was drafted the following month.

The Provincial Assembly, where Formosa's landowners were well represented, was offered an opportunity to comment. Then the draft was submitted to the Legislative Yuan of the Chinese Nationalist government. On Jan. 20, 1953, the Yuan, after great deliberation, passed three related laws. One provided for the transfer of government enterprises to private ownership; a second authorized the provincial government to issue land bonds in kind—redeemable in crops—and the third was the "Land-to-the-Tiller" Act.

In the Land-to-the-Tiller Act, the Nationalist government gave scrupulously fair consideration to the rights of landlords who had obtained their holdings legally under the prevailing land system. Every landlord was entitled to keep approximately 7.5 acres of irrigated land, or 15 acres of dry land. This he could continue leasing to tenants on terms provided earlier by law. All land in excess of these amounts was bought by the government.

Under the program, the landowners received 30 per cent of the purchase price in shares of stock in government-owned corporations which, under the act now became private enterprises. The remaining 70 per cent due the landowners was paid in commodity bonds representing stipulated quantities of rice or sweet potatoes and bearing 4 per cent annual interest. The bonds were redeemable in cash or kind to guard against currency inflation. They were payable semi-

annually over a 10-year period. Tenant farmers were then offered this land at the same price paid by the government and on the same terms—4 per cent interest in 20 installments spread over 10 years. Under the new act, 194,823 farmers bought 354,612 acres of land. By the end of 1953, more than three-fourths of all the agricultural land on Formosa was being cultivated directly by owners. The remaining one-fourth either continued to be rented—thus providing a "ladder" for new farmers to get started toward eventual ownership of their own land—or it was used for government enterprises such as the Taiwan Sugar Corporation, schools, experimental stations, or similar projects.

To understand what all this meant to the average farmer, let us turn again to the Lees. At the close of World War II, three Lee brothers were still working the original 10 acres their father had rented. When local political pressures compelled them to give up this land, they pooled their meager resources and bought 1¼ acres of land. Next they managed to rent an additional two acres of privately owned land. In a third, separate plot, they also leased 2¼ acres of government land. This was the extent of their holdings when the Land-to-the-Tiller Act was passed.

"Since we were really cultivating these fields ourselves," Elder Brother Lee explains, "we had the first right to buy them under the act. When the land reform program was completed, we owned approximately six acres. These we divided into three equal parts. But later, when our Middle brother decided to give up farming and go into business, he sold his shares to us. As for me," Elder Brother goes on, "I was allowed 10 years under the law to pay for my new fields. But I paid for them in six. We made good money raising pigs for several years, and I thought the safest thing was to pay for my land."

NEW BUSINESS VENTURES

Not all Formosan landlords were happy to part with their fields. For generations, land had been the most trusted investment, both as a status symbol and as a prized possession to be passed on to the children. But now, with rentals from land either stabilized or nonexistent, families with wealth to invest had to look elsewhere for alternatives. Many former landlords embarked on new ventures. Some joined with the new entrepreneurs who were remaking the faces of Formosa's cities. A Taipei stock exchange soon appeared, trading shares in the corporations now controlled by former landlords. Within a decade, Formosa was manufacturing most of its textiles, though it continues to import raw cotton, especially from the United States. New glass plants, plastics factories, brick kilns, metal fabricating shops, and electrical manufacturing firms sprang up and absorbed capital and talents in often highly profitable pursuits. Thus, a new class of citizen—the businessman—was born on Formosa.

Simultaneously, the old-type tenant farmer had disappeared. Farmers were now secure on their lands and were fortified with new incentives. Still, only one-half of the goal had been achieved. The new landowners now needed a knowledge of more scientific farming methods. A most crucial need, too, was credit and marketing. In a society where interest on private loans often exceeded 40 per cent annually, the farmer still risked becoming a victim of the moneylender. To avoid this, the JCRR began reorganizing the Farmers Associations. These had originally been established by the Japanese and acted as rural banks as well as suppliers of seed, fertilizer, and mill rice. Most, however, were financially unstable. Also, they were controlled by city merchants. Ordinary farmers had little authority in their management. Now, however, they were redesigned into genuine cooperatives. Only families that

earned more than half of their income from farming were allowed to vote. Association managers and their staffs were given thorough training. Proper accounting procedures were introduced. Experts from provincial government headquarters audited each cooperative's books every six months. In addition, JCCR grants and loans help pay for new rice hulling machines, peanut and soybean seed granaries, fertilizer and rice warehouses, and orange-packing plants.

In more personal terms, the Lees again serve as examples of what has taken place. Both brothers are among the 7,503 members of the Tsao Tun Township Farmers Association which is located in a bustling, brown-plastered building on the edge of town. Its 15 directors and comptrollers are elected every three years. But every November, about 90 per cent of the members assemble for two days to talk over association business. They also approve the budget for the coming year's operations.

FORMOSA'S FIRST MASS MARKET

The association's activities are many. It serves, for example, as a bank. "I have on deposit cash equal to 105 U.S. dollars," says Elder Brother Lee. It earns him interest at the rate of 4½ per cent annually if he leaves it for one month, and twice this rate of return when left for six months. As a member, he is entitled to borrow at a somewhat higher rate of interest from total deposits in the association. These deposits are equal to about \$825,000.

Behind the association's main headquarters is a warehouse. There the Lee brothers and other members of the cooperative trade rice for fertilizer. There, too, they sell their jute and buy farm equipment, such as Elder Brother Lee's new paddy-field marker which enables him to transplant rice seedlings in straight rows.

The warehouse also has a merchandise department where farmers can buy pesticides, bicycles, or even electric rice cookers, the latter priced at \$12. Lately, the department has been selling on installment half a dozen small electric refrigerators a month which cost the equivalent of \$274. "They still cost more than I can afford," says Younger Brother Lee, "even though the women at home would like one." But already farm families are providing Formosa's first mass market for consumer durables, sometimes manufactured by their former landlords.

Profits earned by the Tsao Tun Township Farmers Association annually have totaled the equivalent of \$26,000. Thirty per cent of this went into a sinking fund. The cooperative is building a new \$70,000 headquarters. An 11-man cooperative extension staff includes three veterinarians who vaccinate pigs and water buffalo, and a manager of the livestock breeding farm that specializes in artificial insemination of sows. Two 4-H Club directors guide 850 boys and girls belonging to 49 clubs. Among the club members is Younger Brothers Lee's bright and eager 20-year-old third son. "I work in the daytime reading irrigation water meters," he says. "On weekends and in the mornings and evenings I am out in the field helping my brother to see if we can set a rice production record." He would like to try for a college education when another brother returns from army service.

New ideas move through this network into the bosom of the family. A home economics supervisor from the Farmers Association visits with housewives, showing them how to save costly fuel by rebuilding the open Chinese kitchen stove, preserve vegetables, and cook more nutritious, yet simple meals. Four extension specialists explore fields in the township daily for opportunities to give technical help. In the evening, they meet with adult farmers in village "agricultural discussion groups."

A SOURCE OF PRIDE

Formosa's framers take a great deal of pride in their production records. Over the past decade, island output of rice has increased 40 per cent to above 2,100,000 tons, leaving a surplus for export. Sweet potato production has increased 50 per cent, and the harvest of peanuts even more. Pineapple production tripled, and the area growing citrus fruit has increased nearly threefold. New crops now being canned and exported, such as mushrooms, earn Formosan farmers \$7,000,000 annually. A growing Chinese taste for milk has aroused interest in dairy farming, especially among 4-H Club members who have returned from visits to America. Modern milk pasteurization plants have begun bottling milk from black-and-white Holsteins that graze on the dikes between the tiny fields and on new pastures planted on the hillsides. Unlike most of the burdened lands of South and Southeast Asia, rural Formosa has reached that dynamic stage where it can now digest new forms of technology.

The results of these new ideas can be seen in the fields of Elder Brother Lee. His first crop yielded a return of 2½ tons of paddy rice per acre, and the second crop was almost as much. A winter crop of sweet potatoes and beans, however, was killed by unusual frost. Jute, first interplanted with rice, was stripped and sold for cash. Cucumbers and other vegetables were grown for family use and as feed for pigs and poultry. "Even though I don't write it down, I have a pretty good idea of what we make," Elder Brother Lee admits. He calculates that the annual crops yielded a gross cash return equal to \$1,160. Chemical fertilizer, which island farmers use intensively, was the largest single expense. It cost Lee \$149. Other major operating costs were for taxes—which are high, he thinks—insecticides, and irrigation fees. These totaled \$174. Labor is the biggest factor in growing rice. If paid for, it would cost Lee the equivalent of \$286, even at the prevailing rural wage of one U.S. dollar per day. But since he has grown sons, the family can till the paddy fields, transplant rice seedlings, weed, and harvest largely with their own manpower, or, if the occasion demands, by exchanging work with their neighbors.

A HIGH LIVING STANDARD

Like farmers in many other lands, the Lee brothers calculate their income as much by their standard of living as in cash. Food for the family is chiefly homegrown, and the Lees eat well. Daily caloric intake on Formosa rivals Japan's, the highest in Asia. Meat, especially pork and fowl, or fish appear on the table almost daily. Clothing is simple, yet ample, and becoming more colorful as women buy the new prints. Rubber raincoats are replacing the traditional straw capes among farmers. By choice, the Lees still go barefoot in the paddy fields, but they own rubber boots. The old rural fear of illness has relaxed. "We trust and use the modern drugs and doctors," they say, referring to the health stations and centers which have been established on the island with help from JCCR and the provincial government.

Education has a new importance. All seven sons of the two Lee brothers completed primary school and two attended middle school, although the cost still bars the children of some farmers. Since they can read and write and manage figures, the sons help their fathers in business calculations. They study the rural magazine *Harvest*, published fortnightly in Taipei, and glean ideas on crops and animal care from extension pamphlets. Unlike the cities, rural Formosa has little juvenile delinquency. Young people are productively and satisfyingly involved in many of the affairs of the community.

Elder Brother Lee measures his lot in life by contrasting it with that of his father. Farming is still hard work from sunrise to dusk, but the rewards are vastly greater. "Some day, I may lighten the work a bit," he says, "by buying one of those new little tractors to replace the water buffalo. But not yet." Mechanization will become more practical as the provincial government, with JCCR assistance, helps farmers trade land and rebuild dikes so they can consolidate fragmented holdings and simplify cultivation. Lee and his neighbors feel they could make more money out of poultry and pigs if there were a large packing plant in Tsao Tun Town to stabilize prices and manage marketing.

Good farming and cautious use of his income since land reform have made Elder Brother Lee a man of solid financial means. At today's prices, his fields are worth \$9,750, or almost \$3,000 per acre, based on Formosan dollars which have an official exchange rate of 40 for one U.S. dollar. Another measure of the prosperity that has come to Formosa is the annual average income of its farming families. Between 1952 and 1964, it has more than doubled. To help make this possible, the JCCR has spent some \$7,100,000 in grant aid and roughly the equivalent of \$127,800,000 in counterpart funds—Chinese currency generated by the sale of U.S. farm surpluses like cotton on Formosa and partly used for loans that financed irrigation construction.

A NEW WAY OF LIFE

Formosa has become Asia's agricultural "showcase," a kind of pilot plant where ancient civilization and Western techniques have combined to provide a new way of rural life. Formosan agricultural specialists, invited to many Asian, African, and Latin-American countries under technical cooperation arrangements, now are demonstrating modern rice growing methods in Liberia, Libya, and the Ivory Coast. Nations in many parts of the world send their own agricultural experts to Formosa to see an agricultural miracle in operation. Many take home with them ideas on land reform and crop production to put into use in their own countries.

Although political institutions on Formosa leaves much to be desired, rural communities have achieved social and economic democracy. For the Lee family and its neighbors, the hard old days are a fading memory. The better life, to which land reform was crucial, holds out a promise to emerging peoples in many parts of the world.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. HRUSKA. Mr. President, I have an amendment at the desk which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 13, after the period in line 2 insert the following: "With respect to any such funds made available to either or both of said banks or under the supervision thereof, the voting power of the United States shall be exercised for the purpose of disapproving any loan to a communist country, as defined in section 620(f) unless the President complies with the requirements of findings and report to Congress of said section."

Mr. HRUSKA. Mr. President, section 106 of the bill concerns itself with "Title VIII—Southeast Asia Multilateral and Regional Programs." It authorizes the use of not to exceed \$50 million of avail-

able funds to further the purposes of the title.

Starting on page 12 of the bill at line 21, the language reads:

(b) In the event that funds made available under this Act are used by or under the supervision of the International Bank for Reconstruction and Development or the Asian Development Bank in furtherance of the purposes of this title, such funds may be used without regard to the requirements of this or any other Act.

This Senator has been informed that the waiver of "the requirements of this or any other act" is sought for sound and good reasons. However, I am further informed that such reasons do not include the effect of such language in waiving also the provisions of section 620(f) of the Foreign Assistance Act of 1961, as amended. It provides that—

No assistance shall be furnished under this chapter . . . to any Communist country.

The full text of sub-section 620(f), also cited as 22 USC 2370(f), reads as follows:

(f) Prohibition against assistance to Communist countries; conditions for waiver of restriction by President; enumeration of Communist countries.

No assistance shall be furnished under this chapter, (except section 2174(b) of this title) to any Communist country. This restriction may not be waived pursuant to any authority contained in this chapter unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics (including its captive constituent republics).

Unless section 106 is amended as here proposed, the national policy enacted by the Congress in section 620(f) as set out, will be rendered ineffective, if funds authorized by the bill will be used or supervised by the International Bank for Reconstruction and Development or the Asian Development Bank.

My amendment would insert on page 13, after the period in line 2, the following language:

With respect to any such funds made available to either or both of said banks or under the supervision thereof, the voting power of the United States shall be exercised for the purpose of disapproving any loan to a communist country, as defined in Section 620 (f)

unless the President complies with the requirements of findings and report to Congress of said Section.

Since the funds under the stated circumstances will be under one or the other of the Banks' jurisdiction, the statute cannot reach them directly. Hence, the recourse to use of the voting power of the United States as a member of those Banks for this purpose.

This same general approach and provision were used in a very similar situation involving the Inter-American Development Bank only last year. See Public Law 86-147, section 14, as added to by Public Law 89-6. Also cited as title 22 United States Code, section 2831(c).

I urge adoption of the amendment.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the distinguished Senator from Nebraska. I think he has a point. I did not feel that there was much, if any, possibility—and certainly not the probability—that this money would be used by the Asian Development Bank or the World Bank for a Communist country. Nevertheless, the amendment certainly is not objectionable. It was not the purpose to allow the funds to be used in that manner.

The amendment is a further safeguard against changes that could possibly happen, but which I do not expect to happen.

I may say as a sponsor of the original authorization bill that it certainly was not intended to enable use of this money to aid a Communist country.

Mr. HRUSKA. Mr. President, I am grateful for the remarks of the Senator. I have discussed the measure with the Senator and with the staff. I accept the explanation that it was not the intent to circumvent section 620(f). Nevertheless, it would have that effect, and I think this would clear it up.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska.

The amendment was agreed to.

AMENDMENT NO. 696

Mr. KENNEDY of New York. Mr. President, several days ago I submitted an amendment that was cosponsored by the Senator from Pennsylvania [Mr. CLARK].

I call up my amendment No. 696 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 21, after line 7, add the following:

"CHAPTER 3—RE STUDY

"SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The President is requested to submit to the Congress, on or before July 1, 1967, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 302.

"SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or

after July 1, 1968; such proposals should include and be divided into the following separate and distinct categories:

"(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

"(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

"(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

"(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

"(b) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) should also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

"(c) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role.

"SEC. 303. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the 'Committee') which shall consist of twelve members to be selected as follows:

"(1) Four members to be appointed by the President;

"(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

"(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives.

"The Committee shall select a Chairman and Vice Chairman from among its members.

"(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals re-

ferred to in section 302(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

"(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals.

"(d) Members of the Committee appointed under subsection (a) (1) who are not otherwise employed by the United States shall be paid compensation at the rate of \$100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

"(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its recommendations, and shall file its final report on or before January 3, 1968. Upon the filing of its final report, the Committee shall cease to exist.

"(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of \$400,000, as the Committee deems necessary to enable it to carry out its functions."

Mr. KENNEDY of New York. Mr. President, this amendment was agreed to virtually unanimously last year.

The amendment would establish a Planning Committee on Foreign Aid to organize the goals and the strategy and the tactics of our aid program. I think it is an effort that is long overdue.

We have heard discussions this last week by Senators who have serious reservations about our aid program. Many of those who have voted for cuts in our aid program stated that generally they support the philosophy of aid, but that they would like to have a program that they feel they can support in execution.

The idea behind the amendment is to establish a committee made up of four Members of the U.S. Senate, four Mem-

bers of the U.S. House of Representatives, and four members appointed by the President, which committee will study what our aid program has accomplished in the past and what we can hope from our aid program in the future, so that we might determine whether our whole concept of aid should be changed.

I have discussed this matter in some detail, as has the cosponsor, the Senator from Pennsylvania [Mr. CLARK], with the chairman of the Committee on Foreign Relations.

I understand that the Senator from Arkansas is in general agreement with the concept.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. CLARK. Mr. President, as a cosponsor of the amendment, as I was last year, I would like to endorse the statement made by the Senator from New York.

I have not had an opportunity in the last hour or so to reread the amendment. But my recollection is that there is somewhere in it a declaration that the proposals which are to be made the basis of the study should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developing economy.

That language is contained in lines 18 to 22 on page 3 of the amendment.

Therefore, it is the concept of the Senator from New York, as it is my concept, that we will have to do more in the future, either multilaterally or bilaterally, than we are doing now, and that this study should result in recommendations which would considerably expand the AID program.

Mr. KENNEDY of New York. That is the hope of the Senator from New York. That is my philosophy, and I know it is the philosophy of the Senator from Pennsylvania. But what will be required is a study whereby those who are members of the committee will be able to make their recommendations to the Senate and the House of Representatives as well as to the President. They are to make their report to the President before September 1, 1967. The President in turn will make a report to Congress before January 1, 1968.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. KENNEDY of New York. I yield.

Mr. CLARK. The Senator is well aware, as is the manager of the bill, that a Presidential Advisory Committee on Foreign Aid has been in existence for a good many years. Its membership has changed from time to time. My understanding is that the present Chairman is Dr. James Perkins, the president of Cornell University, who has been most eloquent and very vocal in indicating that our whole concept of foreign aid today is obsolete, is picayune, and is inadequate, and that foreign aid will be with us for the rest of this century.

Dr. Perkins has stated that we must measure up, as a nation and as a member of the United Nations, to the obligation

to attempt to decrease the widening economic gap between the rich nations and the poor nations.

I suspect that it would be difficult, indeed, to find qualified members for this Commission who would come to a view different from that of Dr. Perkins.

Mr. KENNEDY of New York. That is the same feeling I have. I join with the Senator on that.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. FULBRIGHT. This proposal is similar to one that the Senate adopted last year. It was taken to conference in the House of Representatives, and all kinds of supposedly insurmountable problems were raised in the conference. They refused absolutely to accept it. The Senator knows about the history of that proposal.

It is past time to have a thorough study made and I would like to see a committee along these lines appointed. They objected to including the Presidential appointees.

Another amendment provides for a similar study. There is room for difference of opinion as to the ideal composition of such a committee.

I may say that neither of these amendment study groups was presented to the committee. But in view of the action taken last year and because of substantial changes in the attitude of the House and the Senate with regard to this program since then, I am willing to submit it to the House conferees.

I believe that the general proposition of a study of this highly controversial subject by some independent group is in order, and I am willing to accept the amendment.

Mr. KENNEDY of New York. I appreciate the statement of the Senator from Arkansas.

The exchanges which have taken place in the Senate during the last 6 or 7 days clearly demonstrate that men of good will differ in regard to this matter. Many who voted for the cuts believe in foreign aid.

If we all believe that it is in the national interest and that it is our moral responsibility to have this kind of program—and disagreements have existed in the past about the effectiveness of the program—it seems to me that it is incumbent upon us to make this kind of study.

I am not wedded to any particular language in the amendment. There may be better ways of doing it. The Senator suggested some other kind of makeup of the committee.

Before we begin the discussion of foreign aid next year, I believe it is important that we have some recommendations or some ideas presented to Congress as to what the best alternative is, if this is not the best program.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. MUNDT. I have offered a somewhat similar amendment, because I felt that the idea proposed by the Committee on Foreign Relations last year had merit.

I call to the attention of the Senator from New York, however, some of the differences between our amendments, in the hope that we might be able to reconcile those differences.

In the first place, I believe we ought to try to keep the foreign aid program as closely as possible identified with bipartisan effort. It seems to me that in the Senate we have discussed these amendments from the standpoint of bipartisan approval and disapproval.

In my amendment, I provide that not more than two members of each of the three categories be of one political party. If the Senator believes that it is important to have partisanship reflected in the Commission, I would not object to language which would say not over 7 of the 12 shall be of one political party. However, if I were the President, I would welcome the chance to divide the party responsibility. I do not believe there is any particular partisan viewpoint in the whole field of foreign aid. That is one difference between our amendments.

The second difference is that I believe it would be useful to have this study made by people who are not now identified and who never have been identified with the foreign aid program, so that no one would feel he has to defend what has gone on in the past. So I precluded that.

Other than that, the only difference in our proposal is the suggestion of the Senator from New York, which I would not object to if section 302 were just one suggestion for a variety of recommendations. But the way it reads, the Senator from New York has sort of placed the Commission in a straitjacket, forecasting what it should do.

I should like to have them look de novo at the responsibilities of our country in the field of foreign aid, with a clean sheet of paper.

I would not object to suggesting that these three general areas of consideration be included among others. But when it is spelled out as being the total job to be accomplished, it seems to me to circumscribe the potentiality for good which would exist in the Commission.

Those are the three suggestions.

Mr. KENNEDY of New York. As far as the bipartisan makeup of the Commission is concerned, I have no objection to that. I am not certain how it should be spelled out, whether it should be 7 out of the 12 or 50-50. I do not know whether it has been understood, in the exchanges that have taken place on the floor, that that principle should be applied.

Mr. MUNDT. If the conference is limited to the differences between the two bills, legislative language would have to be worked out. I would not care whether it was 7 and 5 or 50-50, but I believe we should get it into the legislation some way.

Mr. KENNEDY of New York. I agree with the Senator from South Dakota.

What was the second suggestion of the Senator?

Mr. MUNDT. The second suggestion I made was that the Senator from New York take into consideration the suggestion contained in item No. 3 of my amendment, which states that four mem-

bers are to be appointed by the President from private life, as the amendment proposed by the Senator from New York has it.

Mr. KENNEDY of New York. The Senator is correct.

Mr. MUNDT. My proposed amendment contains the provision, "none of whom shall have been employed in carrying out foreign aid programs of the past."

I believe that when someone has been a foreign aid administrator, whether during the administrations of President Eisenhower, President Kennedy, or President Johnson, there is a natural tendency for him to feel obligated to defend what has occurred, and a little reticence on the part of the rest of us to say that he did not do it correctly when he was in charge.

I should like this to be a fresh look at an old problem.

Mr. KENNEDY of New York. I have no objection. I do not know whether any people have been associated in some way with the foreign aid program—

Mr. MUNDT. Say, "none of whom have been employed in an administrative capacity."

In other words, if there is to be a fresh look, it should be meaningful. I think that would be persuasive with the House. They would not like the matter to be colored by the fact that somebody—

Mr. KENNEDY of New York. I agree with the Senator in principle. It is possible that someone may have served 10 or 12 years ago in some small capacity.

Mr. MUNDT. We can contrive language to indicate what we have in mind.

Would the Senator object to refining the language—

Mr. KENNEDY of New York. Just to say "among others."

Mr. MUNDT. Not to limit it.

Mr. KENNEDY of New York. That among the considerations should be these three?

Mr. MUNDT. The Senator is correct.

Mr. KENNEDY of New York. I have no objection.

Mr. MUNDT. If we could have a few minutes to work out compromise language, it would be satisfactory to me.

Mr. GORE. Mr. President, I am very persuaded by the point of view advanced by the able junior Senator from New York [Mr. KENNEDY].

I must say that it would appear to me that his movement would be strengthened if he could find a way to coalesce with the distinguished Senator from South Dakota [Mr. MUNDT], who is very interested in this study. Even though it might entail some temporary withdrawal of the proposal in order that there be bipartisan authorship, the proposal might be strengthened. I wish to join the junior Senator from New York [Mr. KENNEDY].

Mr. KENNEDY of New York. I appreciate that.

I wonder if the Senator from Pennsylvania [Mr. CLARK] has anything to say about the suggestion of the Senator from South Dakota [Mr. MUNDT].

Mr. CLARK. I believe that it would be highly desirable if this were bipartisan. I think the suggestion was made by the Senator from South Dakota that this was quite sensible.

Mr. President, I ask unanimous consent that pending discussion between the Senator from South Dakota [Mr. MUNDT] and the Senator from New York [Mr. KENNEDY] with respect to the pending amendment, consideration of the pending amendment, No. 696, may be temporarily set aside so that I may call up my amendment No. 682. I shall not detain the Senate very long.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add the following:

"CHAPTER 3—MISCELLANEOUS PROVISIONS

"SEC. 203. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended by adding at the end thereof the following new section:

"SEC. 650. AUTHORIZATION FOR AGGREGATE APPROPRIATIONS.—Notwithstanding any other provision of this Act, there is hereby authorized to be appropriated for use in the fiscal year 1967, for furnishing assistance and for administrative expenses under this Act, an aggregate amount equal to 1 per centum of the estimated gross national product of the United States for the preceding calendar year as determined by the President. The supplemental authority provided in the preceding sentence shall take effect when (1) the President determines that the expenditure of such additional funds would be in the national interest and (2) transmits a report setting forth the reasons for such determination to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives."

Mr. CLARK. Mr. President, if there is one theme which has emerged from this year's foreign aid debate, it is our failure to recognize the magnitude of the human misery outside our borders, and our failure to accept responsibility, as the world's wealthiest Nation, for doing something meaningful about it.

The simple fact of the matter is that a majority of the inhabitants of this planet will go to bed hungry tonight. Yet the developed nations of the world in general—and the U.S. Senate in particular—have yet to come to grips with the enormous needs and problems of the developing world.

For years we have been pretending to ourselves that the need for foreign economic aid would soon go away—indeed, that it was already going away. We have been treating it like a program which is being phased out by degrees, constantly looking for places to trim, constantly seeking to cut back.

Back in 1949, when the Marshall plan was at its height, we were spending 11½ percent of our Federal budget on foreign economic aid. For 1967 the figure will be roughly 3 percent.

But the need for foreign aid has not diminished. On the contrary, it has greatly increased. We have witnessed a worldwide population explosion—brought on, in part by our success in eradicating disease, curbing infant mortality, and prolonging life—which threatens to produce deprivation and famine on a scale never before imagined. And even if efforts, supported and underwritten by this country, to bring the population explosion under control are successful, ways must be found to feed, clothe, and shelter

the millions now being born, and to proceed with the urgent tasks of economic development and education.

The unhappy fact is that at the moment we are not doing very well with these tasks. The rich countries are still getting richer, and the poor countries are still getting poorer. Nearly a billion human beings—most of them living in Asia, Africa and Latin America—have an annual average income nearly 25 times smaller than that of the average citizen of the United States.

The time has come for the Congress—and the public—to wake up to the fact that we need a big foreign aid program—far bigger than the one we now have, and we are going to need it for years and years to come.

I wonder how many Americans realize what foreign economic aid is truly all about. For one thing, it is certainly not charity—although compassion, understanding and a sense of human brotherhood are all attributes of the giver. Nor is foreign aid merely sterile anti-communism—although there can be no doubt that communism, not freedom, will profit most from the misery and turmoil which will result if we fail adequately to meet our obligations.

What foreign aid comes down to—bluntly put—is our own security as a nation and our aspirations to live out our lives in a tranquil world. It is easy to forget that we Americans live on an island of opulence, surrounded by a sea of human misery. But anyone who has ever seen and smelled the teeming slums of Lima and Calcutta knows how frail and tenuous our fat and comfortable security is.

It is this very disparity between our wealth and their poverty which threatens our security, since it carries with it the seed of envy. For envy leads to hate, and hate breeds war.

The question is not whether we can afford a foreign aid program big enough to do the job. The question is whether we can afford not to support a big enough program—for our own sakes, for our children's, and for the sake of all mankind.

The figure I have proposed—1 percent of our gross national product which comes to over \$7 billion for 1967—did not come out of thin air. It accords with a recommendation made by the Committee on Technical Cooperation of the White House Conference on International Cooperation, and it is consistent with the United Nation's resolution which calls on all developed countries to devote at least 1 percent of their gross national product for development assistance. And although it is three times as great as the amount authorized in the pending bill, it is only about half as great as the amount—figured as a percent of gross national product—which we were spending in 1949.

I do not expect the Senate to approve this amendment. In fact, I doubt that there are more than five Senators who would be prepared to vote for it. But that is all the more reason why this amendment should be urged and argued—to get the message across to the Congress and to the American people:

we cannot permit our foreign economic aid effort to dwindle and die, at a time when the gap between the rich nations and the poor nations is steadily widening. We cannot phase it out or whittle it down because we are bored with it, or unhappy with the way the world is treating us, or because we do not like the way it is being administered or because we would like to believe that the need is decreasing, even though it is plain that the need is actually growing.

What we must do, to borrow a phrase used by Dr. James A. Perkins, president of Cornell University and Chairman of the President's Advisory Committee on Foreign Aid, is undergo a "Copernican revolution" in our thinking about aid. We need to come to terms, for the first time, with the magnitude of the problems faced by the desperate people of the developing nations. Once we have done that—and I hope that we shall be able to do it—perhaps then we shall be able to fashion a foreign economic development program of sufficient size, scope, and duration to offer us some hope of ultimate success.

Mr. LAUSCHE. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I promised to yield to the Senator from New York. He is occupied at the moment and I am glad to yield to the Senator from Ohio.

Mr. LAUSCHE. I have a question merely for clarification purposes.

Earlier in the reading of the Senator's remarks, he stated that economic aid in 1967 would be 3 percent of the gross national product.

Mr. CLARK. No; 3 percent of our national budget.

Mr. LAUSCHE. Budget.

Mr. CLARK. That is very different. The budget is a little over \$100 billion. The gross national product is over \$700 billion.

Mr. LAUSCHE. Yes. What does the Senator anticipate the 1967 figure will be in dollars?

Mr. CLARK. In terms of the gross national product?

Mr. LAUSCHE. Yes.

Mr. CLARK. Less than one-half of 1 percent.

Mr. LAUSCHE. I thank the Senator.

Mr. KENNEDY of New York. Mr. President, I commend the Senator from Pennsylvania for the points he has just brought to the attention of the Senate. I think this matter should be thoroughly discussed. We went into it somewhat last year. The idea of the Senator from Pennsylvania was not accepted by a majority of Senators. We suggested the idea of a commission to look into the matter and determine what needed to be done. That has not been done, and here we are back again in the same place we were a year ago arguing about foreign aid, of which many people are in favor. They favor the principle but are against this particular legislation. It seems to me that the basic idea is what the Senator from Pennsylvania has pointed out, that the gap between the rich nations and the poor nations is getting larger. As President Kennedy once said:

If we cannot help the many who are poor, we will not save the few who are rich.

We cannot do it from the point of view of morality or from the point of view of charity. We should be doing it from the point of view of our own self-interest. We are fighting in Vietnam. We are spending \$2 billion a month there, because that is to our self-interest. It does not seem to make a great deal of sense, if we are going to have more problems of the kind facing us in Vietnam in India, the undeveloped nations of Africa, and South America, that we refuse to do anything about these matters until they get to be emergencies and until they explode.

I do not think that we are farsighted. I do not think that we have learned the lessons of history. I do not think that we have learned what has gone on in the past.

Therefore, I commend the Senator from Pennsylvania for bringing the attention of the Senate once again to this vital and important area, to the effort that needs to be given, that it is extremely important it have the consideration of Senators when passing on this measure, not only in foreign aid but also on all the measures which will have an effect on the future.

Mr. CLARK. I thank my friend from New York for his helpful intervention. I welcome his cosponsorship of the amendment. Since it is obvious to any U.S. Senator that the amendment has no present chance of being adopted, I think the next best thing is an amendment for a study, with an indication of the need, to recommend how we can close the gap between the rich nations and the poor nations, which the Senator from New York is now working on, on a bipartisan basis, with the Senator from South Dakota [Mr. MUNDT], and others.

I hope that the amendment offered by the Senator from New York will be quickly approved in whatever modified form is necessary.

I do not wish to ask the Senator in charge of the bill, the Senator from Arkansas [Mr. FULBRIGHT], to state why he opposed my amendment.

Therefore, Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. KENNEDY of New York. Mr. President, we have had some conversation with the Senator from South Dakota [Mr. MUNDT], and there have been some changes made in the amendment which I believe are satisfactory to the Senator from South Dakota, to me, to the Senator from Pennsylvania, and which have been shown to the Senator from Arkansas, the Senator in charge of the bill.

Mr. LONG of Louisiana. Mr. President—

The PRESIDING OFFICER. The amendment will be so modified.

Mr. MORSE. Mr. President, may we have the modified amendment stated.

Mr. FULBRIGHT. Mr. President, I think that the clerk should read the modifications of the amendment.

The PRESIDING OFFICER. The modifications of the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 4, under section 303 entitled "TEMPORARY

PLANNING COMMITTEE ESTABLISHED"—(a) There is hereby created a Foreign Air Planning Committee (hereinafter referred to as the "Committee") which shall consist of 12 members—no more than 7 of whom shall be members of the same political party, to be selected as follows—

Mr. KENNEDY of New York. Could I interrupt there, Mr. President, to state that if the clerk is going to read only the modification, that is the end of the modification in the amendment.

Mr. ELLENDER. Mr. President, I hope the whole of the amendment will be read.

The LEGISLATIVE CLERK (continuing reading). Four members to be appointed by the President from private life, none of whom shall have served at an executive level in the administration of the AID program in Washington—

Mr. MUNDT. Mr. President, there is a third modification at the beginning where we retained the guidelines, suggested in the amendment by the Senator from New York and expanded the functions of the Commission to say that they should include those among others.

Mr. LONG of Louisiana. Mr. President, may we have the amendment read, the whole amendment, so we will know what we are voting on?

Mr. FULBRIGHT. There are copies of the amendment, except for the changes. The Senator knows what the amendment is. It is No. 696. The Senator has it in his folder.

Mr. LONG of Louisiana. I do not find it here. I would like to know what we are voting on.

Mr. FULBRIGHT. Before the Senator came on the floor, it was stated that it was very similar to the one the Senate adopted last year. The Senator from Oregon was quite interested in it. The House refused to take the amendment. In fact, the House refused to take any kind of amendment. So it is not anything new.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Am I correct that the committee would be made up of 12 members, 4 to be appointed by the President, 4 by the Vice President—

Mr. FULBRIGHT. From the Committee on Foreign Relations.

Mr. LAUSCHE. And four from the Committee on Foreign Affairs of the House of the Representatives?

Mr. FULBRIGHT. That is correct.

Mr. LAUSCHE. Of the members to be appointed by the President, at least three of them shall not be serving—

Mr. FULBRIGHT. No; shall not be in executive positions.

Mr. LAUSCHE. What will the function of the committee be?

Mr. FULBRIGHT. To study the foreign aid program and, hopefully, to bring a new approach, one that will be less controversial and more acceptable to the people.

Mr. MORSE. By 1968.

Mr. KENNEDY of New York. The President will submit recommendations to Congress on or before July 1, 1967. The committee is to file its final report on or before January 3, 1968.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from New York [Mr. KENNEDY] has the floor.

Mr. LONG of Louisiana. How did I lose the floor?

Mr. FULBRIGHT. I had it.

Mr. LONG of Louisiana. I was speaking and I was interrupted, and I lost the floor. At what point did I lose it?

The PRESIDING OFFICER. It is the Chair's understanding that the Senator from Louisiana requested what the nature of the amendment was. Upon the request of the Senator from Louisiana, the amendment was read.

Mr. LONG of Louisiana. The amendment has not been read, but I have read it.

The PRESIDING OFFICER. The modifications were read.

Mr. HOLLAND. I have one question I would like to ask one of the sponsors.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Louisiana may have the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I wanted to be sure I had some idea what this amendment was, because, I am frank to say, as one Member of this body, I have no objection to a study, but during the colloquy, the legislative history might give some people the idea that we are approving a \$7 billion foreign aid program. There have been no speeches on it. The sponsor of the amendment submitted it. I would have no objection to having the program studied, but if the legislative history indicates that a vote for this amendment indicates we are voting for a \$7 billion foreign aid program, I do not want to vote for it.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. MANSFIELD. There is absolutely no connection whatever between the amendment offered by the Senator from Pennsylvania [Mr. CLARK] and the pending amendment, which has been modified, which modifications have been read. The Senator from Pennsylvania made clear that there was no connection between the two. I am certain he agrees with that statement.

Mr. CLARK. That is correct, except I am a cosponsor of this amendment.

Mr. MANSFIELD. Excuse me. The Senator is not only a sponsor of the \$7 billion amendment, but he is also a sponsor of the amendment of the Senator from New York [Mr. KENNEDY].

Mr. CLARK. I agree that there is no connection between them.

Mr. LONG of Louisiana. This amendment does not bind or suggest that the committee ought to come up with a \$7 billion program?

Mr. KENNEDY of New York. This is an amendment setting up a study committee. After the Senator from Louisiana examines it, I am sure he will lend his overwhelming support to a \$7 billion program.

Mr. LONG of Louisiana. If the com-

mittee recommends that the program be terminated, I think that would be just as relevant as would a \$7 billion program. I hope we understand that by voting for this amendment we are not approving either a \$7 billion or a program providing for zero, but are merely authorizing a committee for study.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ELLENDER. For the information of the Senate, I may mention that last year one of these "bare bones" bills provided for \$3.4 billion, but the President forgot to mention that we had the food-for-peace program, which amounted to \$1,750 million. A great deal of money went to various corporations to whom money was being loaned. So if we add to the \$3.4 billion that the President suggested last year to all the other foreign aid programs, it amounts to almost \$7 billion.

I previously put those figures in the RECORD.

Mr. LONG of Louisiana. Mr. President, I feel these studies have been useful. I think they have made some fine suggestions. The Senator from Montana [Mr. MANSFIELD] wanted a study made some years ago. A study was made, and quite a few suggestions were made. I will go along with a study. I merely wanted to make sure we do not leave the impression that we are approving this size foreign aid program.

Mr. MUNDT. Mr. President, let me say to the Senator from Louisiana that I would not have cosponsored a \$7 billion foreign aid program or any considerable proportion of that amount. There is no dollar stipulation or any stipulation as to amount. The amendment provides for a study to determine what can be done to improve the efficiency of the program.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield, so that I may ask a question of the Senator from New York?

Mr. LONG of Louisiana. I prefer to yield the floor.

Mr. HOLLAND. I should like to address a question to the Senator from New York. Does the amendment which would establish a commission envision a study of the food-for-freedom or the food-for-peace program, both of which are cleared through the Committee on Agriculture and Forestry, or does it simply relate to the foreign aid program as it is cleared through the Committee on Foreign Relations?

Mr. KENNEDY of New York. It relates primarily to the foreign aid program.

Mr. HOLLAND. As it is cleared through the Committee on Foreign Relations.

Mr. KENNEDY of New York. That is correct.

Mr. HOLLAND. It does not cover the food-for-freedom or the food-for-peace program?

Mr. KENNEDY of New York. It is not addressed primarily to them. I am not certain that during the course of its deliberation the committee would not receive some information in connection

with those programs; but the proposal is aimed primarily at the AID program.

Mr. HOLLAND. I would have no objection if the amendment were limited in its scope to the foreign aid program as such and did not include the food for freedom or the food-for-peace programs.

The Senator from New York will recall his suggestion that the membership of the committee be entirely, so far as Congress is concerned, from the Committee on Foreign Relations and the House Committee on Foreign Affairs. The Senator from Florida would have no objection to that arrangement, provided that the jurisdiction of the committee is to be limited to the study of the foreign aid program proper.

Mr. KENNEDY of New York. I shall be glad to give those assurances to the Senator from Florida. In considering the foreign aid that is to be undertaken by the United States or by any of the developed countries, the study might digress into what is proposed to be done in the field of food for peace or food for freedom, or whatever the field might be; but the aim of the investigation or the study is the foreign aid program.

Mr. HOLLAND. I thank the Senator from New York.

Mr. MORSE. Mr. President, I say to the chairman of my committee that I do not think this amendment bears very much similarity to the amendment we offered last year.

Mr. FULBRIGHT. Not as to ending the program.

Mr. MORSE. Other than that it provides for the appointing of a commission.

Mr. FULBRIGHT. That is all it does.

Mr. MORSE. That is all. And I go along with the Senator from New York on the appointment of a commission.

However, I think this amendment needs a considerable amount of overhauling, if we are to accomplish what I think we should be accomplishing in the appointment of a commission.

I refer to subsection (c) of section 302:

(c) The proposal referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance.

In my judgment, that will be interpreted by some—and with some reason—as an implied proposal on the part of the U.S. Senate that there should be a relationship between underdeveloped countries and the gross national product of the United States, and that we should assess the percentage of our gross national product that should be devoted to such development assistance.

"Should be devoted." In many parts of the world, among the underdeveloped countries, there is a growing feeling that some way, somehow, as a matter of right to them, we ought to make a contribution to them of a percentage of our gross national product. That concerns me. It is not the 1 percent specified in the

Clark amendment, but the seed is planted there that what we contribute should meet some formula of the relationship between our gross national product and what we provide for in the foreign aid program—

The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world.

This word "should," Mr. President, is another commitment of this kind we should be wary of making. This is a commitment of policy, and of vast sums of money. I continue to insist that it must be decided each year, or at any interim period that we have an authorization bill. Whether it is a legal commitment or a moral commitment, or both, it implies some pledge on the part of the United States that we will bind ourselves to some commitment dealing with the relationship, to use the language of the amendment, "between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance."

I say to the chairman of the Committee on Foreign Relations, that was not in our amendment last year. What our amendment last year did, and what I wish we could do this year—though we cannot do it in the same format we did last year—

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. I think the Senator may not be correct in that statement. I believe that may have been added on the Senate floor last year.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. I think the language was in the amendment last year, and the Senator from Oregon voted for it, on June 14, 1965.

Mr. MORSE. If it was in there, I accept the Senator's statement, but I say we ought to take it out this year.

Mr. FULBRIGHT. We thought we were following the oracle.

Mr. MORSE. You cannot catch everything when you are working on a major piece of legislation such as this. Of course, we also had a lot of other things in the amendment last year that we do not have in this one.

Mr. FULBRIGHT. I agree.

Mr. MORSE. There is not anything in here which calls for this commission to make a survey and an analysis of the findings that have already been made about procedures that are being followed by the AID people. I should like to have a commission that is charged with the responsibility of determining what the objective of our AID program should be, and coming forward with the evidence to support it, and what procedures are required to move toward that objective.

I have called for all the reports of the Comptroller General that set forth many findings as to bad procedures of AID, including military as well as economic assistance.

I should like to see us agree on this

point. I think we can agree. We are not far from agreement. I should like to see an amendment adopted to provide for a study commission appointed as the Senator from New York proposes, but eliminating any language that either directly or by implication says that we are undertaking any commitment to authorize an aid program that bears some direct percentage relationship between our national income or our gross national product and what is said to be the needs of the so-called undeveloped nations.

We should get away from emphasis on the unilateral position of the United States, may I say to the committee chairman, and pay more attention to obtaining a multiple agreement with other nations as to what they are willing to do along with us. That would make a great deal of difference. If we could get, for example, through some international body, or some action of the United States, the some 30 so-called "have" nations entering into an understanding that they will jointly face up to this problem, I would go a lot farther than I would go on trying to pave the way here, through this amendment, for a subsequent proposal that a certain percentage of our gross national product should be set aside for foreign aid. I do not think we ought to commit the taxpayers of this country to any such program; and I should like to have section (c) modified. I am not in a position yet—I shall be before we vote on it—to modify it.

But it never was my intention, may I say to the chairman, last year when he and I worked out this amendment in the first place, to adopt any implied commitment such as I think is written here. There is not a line in this amendment that I can find—though I have not had time to study it as I should like to—that directs the commission to come forward with some recommendations, for example, as to the maximum number of countries that should be covered. We had that in our proposal last year. It directed the commission to come forward—

Mr. FULBRIGHT. May I say to the Senator, that is in the bill this year. I never dreamed it would be necessary to put it in here, if it stays in the bill, which it is.

Mr. MORSE. I do not think there is any harm in directing the commission—

Mr. FULBRIGHT. I do not either, but I think that is the purpose.

Mr. MORSE. To make a recommendation to us as to what the number of countries should be. They may decide it is not the number contained in the bill.

Mr. FULBRIGHT. There is nothing to prevent it, either. It is a matter wide open for their consideration.

Mr. MORSE. But there is no direction here. They may say it was not included in our discussions.

Mr. KENNEDY of New York. May I refresh the memory of the Senator from Oregon that the aspect of the amendment he just read and commented upon was debated on the floor of the Senate last year, and one of the strongest speeches given in favor of that very lan-

guage was given by the Senator from Oregon?

Mr. President, I read from page 13013 of the RECORD of June 14, 1965, the remarks of the Senator from Oregon:

Mr. MORSE. Mr. President, will the Senator yield me 3 minutes?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Oregon.

Mr. MORSE. First, I wish to highly commend the Senator from New [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] for the amendments in their modified form. I do not believe that the Senate even begins to appreciate as yet the future significance of the amendments.

In my judgment, the amendments would bring together in the next 2 years on the floor of the Senate what many people think are irreconcilable conflicting groups—and it never has been true, and it not true now. The amendments would help the country to see that what we all desire is for the United States to live up to its clear moral obligations in regard to helping the underprivileged of the world and the countries in this world that we refer to as underdeveloped countries.

It has never been my position that we should not aid those people. We are dealing with problems of procedure for aiding them. The Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] will recognize that. We are now dealing with what our guidelines ought to be. For example, we are dealing with a problem of hard loans and soft loans, the problem of grants versus loans. We are dealing with a problem as to how other countries that have the means with which to assist us ought to be of assistance to us in trying to bring—and I know the danger of using a term such as this, but it will spell out the difference between war and peace in the years ahead—the enjoyment of economic freedom to the “have nots” of this world, so that once they become economically free, they can really develop their political freedom under the principle of self-determination.

Mr. MORSE. I stand for the same thing tonight. There is nothing there with which I do not agree tonight. But this amendment is quite different in some respects, for the Morse-Fulbright compromise proposal made last year called for a commission to go into the investigation of these procedural weaknesses.

Mr. KENNEDY of New York. This statement was made just as to the language that the Senator has read here today. It was read on the floor of the Senate, whereby he commended and supported it.

Mr. MORSE. I understand that, but last year we did not have the discussion that we had here tonight, that we ought to start considering it in terms of our national gross product and the foreign aid bill. Maybe that is what we ought to do. I do not know, but I want the instructions to go to the commission to give us a recommendation as to what we ought to do unilaterally and what we ought to do multilaterally.

I would like to see the commission come out with a report as to what our policy ought to be if we are not giving help under the multilateral program, and what we ought to do if other countries are willing to come in and make a fair contribution also.

I go back again to my point that the amendment of the Senator from New York does not have any instructions contained in it to the committee as to what

it ought to do by way of bringing forth recommendations for procedural changes in the administration of AID.

That is what has bothered me from the beginning of my criticism of the administration of foreign aid.

Congress has never come to grips with insisting that the AID people establish some procedural changes. I do not know why we cannot get a sentence or two in the amendment to accomplish that.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LONG of Louisiana. Mr. President, since the Senator started to speak, I have found some objection to this action that I did not know about before.

I was looking at page 3, line 18. That contains two things that it seems to me amount to asking somebody to make a study and recommendations, and, in the amendment, telling them what they will recommend when they finish.

I thought they were to make a study and tell us how they thought the program would be better handled.

Page 3 of the amendment, beginning on line 18, reads as follows:

The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy.

If that is what the Senator has in mind, my guess is that 1 percent of our gross national product of \$700 billion a year would not begin to be enough. It would mean foreign aid for the next century, if that is what the Senator hopes to achieve.

Page 3 of the amendment, starting on line 23, reads as follows:

This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance.

There is a case that this entire thing should be based on a percentage of the U.S. gross national product.

I notice there is no provision contained in here for members of the Committee on Appropriations to serve on this committee. It seems appropriate to me that if we are to appropriate money, the members of the Committee on Appropriations should be on the committee.

I should think that, if the members of the Committee on Appropriations were to serve on this study commission, the first objection they would make would be that their procedure from the beginning of this Nation was not being followed. Their procedure is that the committee looks at the appropriations on an item-by-item basis and then says, “Here is how much money we think we can justify spending in this country under these particular circumstances.”

It would seem to me that this subsection (c) amounts to telling this study group what they will recommend to us.

My thought is that if they are going to study it, they ought to be free to make their own recommendations, rather than

be told what to recommend when they get finished with the study.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. Mr. President, I merely want to express one thought concerning the language used in this bill. The language used in the bill definitely implies and very nearly expresses the thought that the United States has not been just in the amount of money that it grants by way of economic aid.

The language in the measure, as read by the Senator from Louisiana, definitely implies that they have not been, and practically expresses it.

The measure would tell in advance the commission of 12 members: “You have got to study the needs of the developing nations, recognizing that our gross national product is increasing annually, and on the basis of the needs and, on the basis of the increase in our gross national product, you must make a recommendation on what our economic aid program should be.”

Mr. President, I am of the belief that this matter is of such significance that it ought not to be included in the bill as an amendment hurriedly drafted and inadequately considered, but ought to be submitted to the Senate as a separate bill with a separate study to be made by the Committee on Foreign Relations on the matter.

Mr. MORSE. Mr. President, I agree with much that the Senator from Ohio said, but I think we can modify this amendment so that it can become a part of the bill.

I do not think that the Senator from New York and the other Senators who are supporting the amendment and those of us who are raising these objections are too far apart.

I would like to take the Morse-Fulbright amendment of last year and do some work on this amendment tonight, and then discuss the matter with the Senator from New York, and those associated with him in an effort to see if we cannot come to an understanding before the amendment is voted on.

We are dealing with something here that may offer more of an opportunity than we now know of getting the group of us in the Senate who are highly critical of foreign aid much closer to those who are strongly for an expansion of foreign aid.

I would like to get some language in here by way of more specific instructions to this committee or commission as to what its terms of reference will be.

Mr. KENNEDY of New York. Mr. President, it has been mentioned here today that the amendment was hurriedly considered.

First, as I said, the amendment was considered last year. I might say to the Senator from Ohio that the proposal was gone into at great length last year. The Senator from Ohio voted for the amendment last year.

The amendment has been considered on the floor for the last 3 or 4 days, starting on Thursday. It was discussed on Thursday, Friday, and today.

There has been sufficient opportunity for every Senator to reach some conclusion about it.

I expect that the reason we are offering this amendment and the reasons that we are discussing foreign aid is that we are a developed country and are in a better economic position than are the underdeveloped countries.

I doubt very much if this kind of legislation would be considered in Peru, in Venezuela, in Zambia, or in any of the other countries of the world.

The reason why we are discussing foreign aid is, first, that we have the means and the wealth to grant foreign aid. Second, it is important in our national interest that we provide foreign aid.

I could say that I know that the Senator from Oregon has a very good answer. But he raised the question of why we are in Vietnam. Most Senators, with the exception of the Senator from Oregon and the Senator from Alaska, have supported the efforts made in Vietnam. Why are we fighting 12,500 miles away?

The position of the Senator from Oregon is consistent. But if most Senators feel that it is worthwhile to make that effort 12,500 miles away, it seems to me that it is also worthwhile if with less effort we can bring some stability to these countries, so that we will not have these problems 5, 8, or 10 years from now. That is why the language is in the amendment. Our economy is better than that of the underdeveloped countries; therefore we have some responsibility.

Mr. MORSE. If I may have the attention of the Senator from New York, the Senator from Arkansas, the majority leader, and the Senator from South Dakota, who I understand is a cosponsor of the modified amendment, I should like to suggest that action on the amendment be laid aside for tonight, and that it be made the pending amendment at the beginning of the session tomorrow, so that Senators who wish to make some suggestions or modifications may do so.

Mr. MANSFIELD. Will the Senator consider offering the amendment which he has been prepared to propose for the last 2 hours, to my knowledge, so that the type of study he thinks necessary could be made on the pending proposal seeking to set up a committee or a commission to study the foreign aid program?

Mr. MORSE. I told the majority leader that I would offer my amendment tonight, if he wished me to.

Mr. MANSFIELD. Would the Senator be agreeable to making it the pending business?

Mr. FULBRIGHT. Would it be agreeable if Senators can get together on an amendment?

Mr. MORSE. That will be all right with me.

Mr. FULBRIGHT. Then we could make progress.

Mr. MORSE. First of all, let us have an understanding on that. Is it the desire of the Senator from Montana that I offer my next amendment?

Mr. MANSFIELD. Yes.

Mr. FULBRIGHT. Does the Senator from New York withdraw his amendment temporarily?

Mr. KENNEDY of New York. Yes.

Mr. MANSFIELD. The author of the amendment can do that on his own. Unanimous consent is not needed. The Senator from New York can withdraw it on his own, with the understanding that it will be laid aside temporarily.

The PRESIDING OFFICER. Is there objection to the amendment of the Senator from New York being laid aside temporarily? The Chair hears none, and it is so ordered.

Mr. MUNDT. I suggest that in the meantime the modified amendment be printed, so that Senators may have access to it.

Mr. LAUSCHE. The amendment offered by the Senator from Oregon last year, adopted by the Senate, and subsequently rejected in conference, was predicated upon the objective that the foreign aid program would be reduced or brought to an end. That was the essence of the argument made by the Senator from Oregon in advocating the adoption of the amendment.

Mr. MORSE. The Senator is correct, in that all present programs were to terminate. What aid continued thereafter would depend on what the commission proposed.

Mr. LAUSCHE. The vote on that amendment was 78 in favor and one against. That is what the RECORD shows. That does not at all render invalid the arguments made by the Senator from Oregon and the Senator from Ohio, because the proposed amendment presupposes that the aid is not adequate; that we are not just in distributing our bounty. I believe that that aspect of the amendment should be deleted, because it is not in accord with the facts and it is not properly within the amendment, because in advance it tells the 12-member commission that we are not doing enough.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. I wish to answer the Senator from Ohio by saying that this is exactly the same language that the Senator from Ohio voted in favor of last year.

Mr. LAUSCHE. But last year, as I said a moment ago, the essence of the argument of the Senator from Oregon, the basis upon which the amendment was adopted, was that foreign aid should be reduced—

Mr. MORSE. Ended.

Mr. LAUSCHE. Ended, is what the Senator argued. So that was completely different.

Mr. KENNEDY of New York. I wish to say to the Senator that everyone considered this, the amendment was read, the Senator from Oregon commended it, as I read his comment, and after considering the amendment, the Senate voted 78 to 1 in favor of it.

Mr. MORSE. It might indicate that the Senator from Ohio and the Senator from Oregon at that time were somewhat fatigued.

Mr. KENNEDY of New York. Not at all, because the Senator from Oregon made a brilliant speech in favor of the amendment last year. I was carried away by the Senator from Oregon.

Mr. MORSE. I do not accept the description of the speech. That does not change the fact that we might very well have been fatigued.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. CLARK. The fact is, is it not, that when the Senator from Oregon proposed the amendment last year, which was adopted by a vote of 78 to 1, a modification of that amendment was proposed by the Senator from New York and the Senator from Pennsylvania, which was readily accepted and which contained the language which is now being criticized by Members of the Senate who voted for the amendment as modified?

Mr. KENNEDY of New York. That language was commended last year.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I live by my past mistakes, but I do not make the same mistake twice, when it has been called to my attention. Therefore, I believe we ought to modify the amendment, and that we can work it out. The Senator will be surprised how well we can work it out.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Ohio.

Mr. LAUSCHE. If it is the objective of the Senator from Pennsylvania and the Senator from New York that an impartial, objective study be made, and if the Senator from Oregon and the Senator from Ohio support that objective, then added to the bill should be language showing a purpose of an impartial, unprejudiced, objective study, recommending neither an increase nor a decrease in the amount of foreign aid for economic assistance that would be provided.

Mr. MORSE. I now yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, with the Senator's permission, I ask unanimous consent that the pending amendment be temporarily laid aside and that further consideration be given to it at some time after the amendment to be offered by the Senator from Oregon has been debated and voted on.

The PRESIDING OFFICER. Is there objection?

Mr. MUNDT. Mr. President, reserving the right to object, I should like to have a ruling on my previous request that the amendment, as modified, which is now before the Senate, be printed.

The PRESIDING OFFICER. Without objection, the amendment (No. 704) will be printed; and without objection, it will be printed in the RECORD.

The modified amendment, ordered to be printed, is as follows:

CHAPTER 3—RE-STUDY

SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The President requested to submit to the Congress, on or before January 1, 1968, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and

taking into account the principles set forth in section 302.

SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or after July 1, 1968, such proposals should include, among others, the following categories:

(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

(b) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) should also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

(c) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role.

SEC. 303. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the "Committee") which shall consist of twelve members, no more than seven of whom shall be members of the same political party, to be selected as follows:

(1) Four members to be appointed by the President from private life, none of whom shall have served at an executive level in the administration of the AID program in Washington;

(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives.

The Committee shall select a Chairman and Vice Chairman from among its members.

(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals referred to in section 302(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals.

(d) Members of the Committee appointed under subsection (a) (1) who are not otherwise employed by the United States shall be paid compensation at the rate of \$100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpoenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its recommendations, and shall file its final report on or before September 1, 1967. Upon the filing of its final report, the Committee shall cease to exist.

(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of \$400,000, as the Committee deems necessary to enable it to carry out its functions.

Mr. MORSE. Mr. President, I shall not take the time to read the titles of the reports from the General Accounting Office.

I ask unanimous consent that there be printed at this point in the RECORD, because they will bear upon my reasons for seeking additional provisions in the amendment of the Senator from New York [Mr. KENNEDY], only the titles of

the classified and unclassified reports of the Comptroller General.

These reports set forth the findings of the Comptroller General in the spot check surveys which the General Accounting Office made concerning the administration of both economic and military aid. Some of the reports are classified as of last year; however, I am at liberty to ask unanimous consent that the titles, but not the contents, of the reports be printed in the RECORD.

There being no objection, the titles of the reports were ordered to be printed in the RECORD, as follows:

[Classified]

Management of Donated Food Programs for Mexico Under Title III, Agricultural Trade Development and Assistance Act of 1954;

Review of the Military Assistance Program for India;

Review of Air Defense Equipment Furnished to and Procured for the Republic of China under the Military Assistance Program;

Effects of Foreign Currency Sales on Commercial Sales of Wheat to the United Arab Republic, Title I of the Agricultural Trade Development and Assistance Act of 1954;

Need for Improvement in Supply Support for Aircraft under the Military Assistance Program for the Republic of China;

Report on Certain Special Aspects of Food Distribution under Title III of the Agricultural Trade Development and Assistance Act of 1954, as amended;

Inadequate Planning, Programming, and Contracting for a Fixed Communications System for the Government of Indonesia under the Military Assistance Program;

Report on Review of Military Assistance Provided to the Republic of the Philippines;

Ineffective and Overly Costly Aspects of Military and Economic Assistance Provided to Thailand;

Review of Economic Assistance Provided to the Republic of the Philippines for Development Purposes;

Lack of Effective Action by the Military Services To Obtain NATO Cost Sharing of Military Construction Projects in Europe;

Ineffective and Inefficient Administration of the Training of Foreign Personnel under the Military Assistance Program for Greece;

Report on Review of the Military Assistance Training Program for Iran;

Waste of Funds in Construction of Shahabad Depot in Iran under the Military Assistance Program;

Inadequate Consideration Given to Utilizing Reserve Fleet Ships in Lieu of Providing New Ships to Iran under the Military Assistance Program;

Unnecessary Dollar Grants to Iran under the Foreign Assistance Program;

[Not classified]

Audit of Loan Program Financial Statements for Fiscal Years 1962, 1963, and 1964;

Review of the Expedited Signing of Certain Agreements under Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Survey of Internal Audits and Inspections Relating to United States Activities in Vietnam;

Report on Review of a Transaction Involving the Conversion of Foreign Currency to Dollars at Less Than the Current Exchange Rate;

Use of Dollars Rather Than Foreign Currencies To Pay United States Expenses in the Republic of Korea;

Additional Income Possible by Obtaining More Equitable Rates of Interest on United States-Owned Foreign Currencies;

Significant Dollar Savings Available in Financing Foreign Sales Agents' Commissions on Surplus Agricultural Commodities Exported under Title I, Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Questionable Grant of Corn to the United Arab Republic under Title II, Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Displacement of Commercial Dollar Sales of Tallow to the United Arab Republic;

Purchase of Residence in Tokyo for Financial Attaché from Exchange Stabilization Fund;

Overpayments of Per Diem Travel Allowances.

Overprocurements Resulting from Ineffective Supply Management in Korea under the Military Assistance Program;

Improper Use of Funds Appropriated for Operation and Maintenance Expenses;

Loose Management in Budgeting and Financial Reporting for Certain Educational Exchange Activities;

Improper Payment of Port Charges on Shipments to Colombia of Food Donated Under Title III of the Agricultural Trade Development and Assistance Act of 1954;

Follow-Up Examination on Certain Aspects of United States Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran;

Ineffective Utilization of Excess Personal Property in the Foreign Assistance Program;

Questionable Aspects of Budget-Support Loans Made to the Government of Ecuador;

Failure To Effectively Utilize Excess United States-Owned Foreign Currencies To Pay International Air Travel Ticket Costs Being Paid in Dollars;

Ineffective Utilization of Excess Personal Property in the Foreign Assistance Program;

Unnecessary Costs Resulting from an Inflexible Policy of Donating Flour Instead of Wheat to Voluntary Relief Agencies for Distribution Abroad under the Agricultural Act of 1949, as amended;

Weaknesses in Negotiation and Administration of Contracts for Resettlement of Cuban Refugees;

Unnecessary Dollar Costs Incurred in Financing Purchases of Commodities Produced in Brazil;

Unnecessary Costs Incurred in the Relocation of Highways at the Amistad Dam Project;

Review of Financial Condition and Operations Fiscal Years 1963 and 1962;

Unnecessary Costs Resulting from Inadequacies in the Administration of the Inter-American Highway Program in the Republic of Panama;

Weaknesses Involving Primarily the Disposition of Surplus Nonfat Dry Milk.

Mr. MORSE. Mr. President, still speaking with reference to the amendment offered by the Senator from New York [Mr. KENNEDY], the situation has been complicated somewhat this year—I speak most respectfully—by the discussion earlier of the amendment offered by the Senator from Pennsylvania [Mr. CLARK]. He discussed it and then withdrew it. It would commit us to 1 percent of the gross national product for a foreign aid authorization.

We did not have that proposal last year. The amendment of the Senator from New York—as the Senator from Ohio [Mr. LAUSCHE] pointed out—carries with it the implication that we are not giving enough.

There is some dispute as to the total amount of all of our foreign aid. Our contribution to the World Bank, our contribution to the International Monetary Fund, military assistance, our con-

tribution to the Inter-American Bank, our food for peace, our Public Law 480, the Peace Corps. That is all foreign aid.

The total is far, far above the so-called bare bones economic aid program and a bare bones military aid program.

We get a variety of estimates and the estimates seem to vary from \$8 billion to \$10 billion. Now, if they are all included and 1 percent of that—that is much more than \$7 billion that is being talked about on the floor of the Senate here tonight.

Mr. RUSSELL of Georgia. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Georgia.

Mr. RUSSELL of Georgia. As one Senator, I object to any legislation that has as its objective the perpetuation of foreign aid.

Mr. MORSE. Or commitment to foreign aid.

Mr. RUSSELL of Georgia. It is implicit in this amendment that we are to have a permanent foreign assistance program with the objective of closing the gap between the have-nots and the haves.

Mr. MORSE. Yes.

Mr. RUSSELL of Georgia. That is implicit in this amendment, as I read it. In my opinion, it can only arouse the hopes in the hearts of many people, as they look to the largess of the American Congress and the American Government, that they will be brought to a standard of living that we enjoy here.

I do not know what the mean by closing this gap.

If you close the gap between our country and the underdeveloped countries, something must give somewhere. In my opinion, it would be the standard of living of the people of the United States. I do not see how that could be avoided.

To my mind this amendment looks to the perpetuation of the foreign aid program as much in our annual budget as the pay of the Federal judiciary.

I was not here last year during the debate. I do not understand the conditions under which such an overwhelming majority of the Senate approved this amendment last year. I cannot believe that it was given careful study in the committee or there would have been someone on the committee who would have objected.

Mr. MORSE. It did not come out in committee. The provision came out on the floor.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. RUSSELL of Georgia. I yield.

Mr. KENNEDY of New York. First, what I think is the concern of the Senator from Georgia [Mr. RUSSELL] is the fact that the gap between the underdeveloped countries and the developing countries of the world, such as the United States, is growing. The total gross national product of Africa, except West Africa, was about one-half of the growth in the gross national product of the United States last year.

I think, as Secretary McNamara said in his Toronto speech, if you look around the world where the United States has had difficulties, it is in those countries

where there is poverty and illiteracy; where some guidance and help and assistance from the United States—and I do not mean only financial assistance—may have made a difference in the lives of those people.

Therefore, they will look not to communism and dictatorship of the left, but to the United States.

Again, I wish to stress the fact that this is not just from a moral point of view, but in our self-interest. It makes sense for us that those people have order and economic development.

I think that the purpose in stressing the idea of underdeveloped countries and developed countries, rich nations and poor nations, is this point of view.

Those countries that have had instability and disorder have turned to communism; and there is a relationship between that and poverty, disease and illiteracy. We can play a role in changing that just as we are now fighting in Vietnam at a cost of about \$2 billion a month, with hundreds and hundreds of Americans dying, and getting wounded each month. We are willing to make that effort.

We should also be willing to make the effort now to prevent this.

Mr. RUSSELL of Georgia. I was opposed to getting involved in Vietnam but we are there now and I am not in favor of leaving 350,000 American boys there to their own fate. I will do everything in my power to see that they have every weapon and advantage that a man can have under such conditions; the best medical treatment and everything else they need and can be provided by the richest country on earth.

I did not believe in sending any of our men out there. I was opposed to it. But they are there now and it is our responsibility to see that they are taken care of and that proper steps are taken by this country to reduce the ever increasing toll of casualties.

Mr. KENNEDY of New York. We are there for some purposes or we should withdraw. One of the reasons we are there, from the statements made, is that we are trying to deal with Communist expansion and the fact that the peoples of South Vietnam, under the domino theory, will not be taken over by communism.

If the Senator is willing to support that effort he should be willing to support the other effort.

Mr. RUSSELL of Georgia. The Senator is expressing the view of somebody else. I am not going into those intricacies.

American boys are there and their lives are being taken.

Mr. KENNEDY of New York. And there was some reason.

Mr. RUSSELL of Georgia. I did not send them there.

Mr. KENNEDY of New York. We could take them out.

Mr. RUSSELL of Georgia. The Senator may have better luck getting them out than I did keeping them out.

Mr. KENNEDY of New York. We can advise the public now. They must be fighting for some reason.

Mr. RUSSELL of Georgia. I will not be budged on that. I appreciated the fact that the Senator from New York [Mr. KENNEDY] brought in the African situation. I understand that. But that is not the basis of my objection to the foreign aid program.

I know that it is very popular to undertake to bring in the racial question when I undertake to open my mouth on the floor of the Senate.

I was voting on most of these foreign aid programs when colonization was in full swing in Africa. I was voting against them then and do so now because I think they have been poorly handled from the inception. I think Russia and China, although they spend, as nearly as I can estimate, about one-twentieth of what we do on foreign aid, have gotten as much or more out of their money as we have.

The Senator refers to the fact that he wants to do something about this gap.

But the Senator does not say "narrow the gap." He uses the words "close the gap" in his amendment. On line 20, page 3, he states that the committee is to be directed to get an estimate that will "close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy."

Mr. KENNEDY of New York. That is the objective, I would think, let me say to the Senator from Georgia.

Mr. RUSSELL of Georgia. I beg the Senator's pardon?

Mr. KENNEDY of New York. That is the objective, I would think. That is what we would like to accomplish. It may take many years, but that is what we would like to accomplish.

Mr. RUSSELL of Georgia. For my part, I am not willing to put the responsibility on the 6 percent of the inhabitants of this globe who live in the United States of America for bringing the other 94 percent of the people up to our standard of living. I am not willing to take that risk of destroying our civilization.

Mr. MORSE. Mr. President—

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Ohio.

Mr. FULBRIGHT. Mr. President, could the Senator from Oregon first inform the Senate which amendment he is going to bring up?

Mr. MORSE. I will tell the Senator what I am going to do. I have a few brief comments to clarify the RECORD which I wish to make on the amendment of the Senator from New York, and then I am going to call up amendment No. 667 on restriction on assistance to Latin America, and make that the pending business for tomorrow.

AMENDMENT NO. 667

Mr. President, I call up my amendment No. 667 and ask that it be stated.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The amendment will be stated for the information of the Senate.

The legislative clerk read the amendment as follows:

(c) Add the following new section:

"SEC. 254. RESTRICTION ON ASSISTANCE TO LATIN AMERICA.—None of the funds authorized by this Act shall be used to provide assistance to any country in Latin America in any fiscal year if the total estimated expenditures of such country for defense purposes for such year are expected to exceed an amount equal to 3.5 per centum of the estimated gross national product as determined by the President of such country for such year."

Mr. MORSE. Mr. President, my understanding is that we will make that the pending business for tomorrow. I shall make a brief statement tomorrow morning in support of the amendment.

Mr. President, there is available to any special committee appointed a whole series of proposals made in the Committee on Foreign Relations, including majority and minority reports last year and this year, and other proposals that we have made. The sad fact is that we have not gotten anywhere with the AID officials in adopting procedural reforms, or concerning the reports of the Comptroller General on what should be some of the procedural reforms to be adopted.

I should like to add to the amendment a paragraph that would instruct the committee to go into an examination of the administration of foreign aid and give us recommendations as to what it thinks we should do legislatively, and if legislation is necessary to improve the administration of foreign aid. I shall work on that and have it ready when we take it up tomorrow.

But the situation is somewhat different tonight from what it was a year ago when this amendment came out of committee with the Clark amendment. The Clark amendment was added on the floor of the Senate last year.

It is true that the Senator from Pennsylvania offered his amendment. It is also true that I, certainly with all the accolades of approval which the Senator from New York has pointed out, agreed to the amendment. There is no doubt about that. I was a little bit surprised to be able to get the amendment which I brought out of committee, so obviously supported by the Senate that I am not so sure that I paid enough attention to the amendment; but, on the other hand, I would probably do it again if the situation were the same as last year. Since then, there have been some problems in regard to what the administration considers a commitment under foreign aid. Moreover, since then representatives of other countries and some of our international conferences have taken the surprising position that they are entitled to it as a matter of right.

There was a conference in Latin America—I believe it was Buenos Aires—where there was controversy between some of the American delegates and the Latin American delegates over whether they had financial aid coming as a matter of right.

There has been this controversy over modification of the Organization of American States' Charter, where Latin American delegates wanted to write something into the charter that would give the same commitment in treaty form that this amendment seeks to give.

We had an informal meeting of the Committee on Foreign Relations one afternoon. State Department officials were left with no room for doubt that the committee was not going to support the treaty if it contained that language; that we were not going to make that commitment.

That leads me to the last point I wish to make, and then I shall yield to my friend, the Senator from Ohio [Mr. LAUSCHE]. I do not believe that these countries have to worry about what future Congresses are going to do about authorizing increased foreign aid money.

If the foreign aid program is improved, I would be ready to vote more money for certain parts of it. I am in an embarrassing situation. I should like to be joining the Senator from New York in voting for more money for certain kinds of projects. I am not going to do it until we first have some reason to believe that the foreign aid people are not going to waste a lot of it, and that in some places it is not going to do more harm than good.

If we are going to appoint a committee, let it be instructed to make a complete survey of foreign aid and come back with recommendations as to what Congress should do, including recommendations as to amounts. We can accept or reject the recommendations.

I am happy now to yield to the Senator from Ohio.

Mr. LAUSCHE. I think the record should be made clear concerning what happened last year.

Last year, as I stated previously, the Senator from Oregon advocated a study which was intended primarily either to reduce foreign aid or to bring it to an end.

The Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] were opposed to that general philosophy. They felt that the study should embrace the issue not only as to whether foreign aid should be lowered or discontinued but also as to whether it should be increased.

Thus, we had before the Senate the amendment of the Senator from Oregon.

I now read from page 13008 of the June 14, 1965, RECORD:

Mr. CLARK. Mr. President, I call up amendments No. 262, and ask that they be stated.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 25, strike out lines 9 to 13, inclusive. On page 25, line 14, strike out "(c)" and substitute "(b)". On page 25, line 21, strike out "(d)" and substitute "(c)". On page 25, after line 25, insert the following:

Mr. President, the amendment offered by the Senator from Pennsylvania [Mr. CLARK] is the identical one which the Senator from Louisiana read several minutes ago about eliminating the gap and bringing the undeveloped nations up to a level of economic richness comparable to that of the United States.

The amendment of the Senator from Pennsylvania was offered. In his argument, the Senator from Pennsylvania [Mr. CLARK] stated that the amendment which they offered today would insure that the committee would also consider

the basic question of the proper magnitude of the future U.S. assistance program.

The Senator from Oregon was faced with opposition to his amendment. The opposition was that it was desired to include in it a study of the magnitude of the foreign aid program.

Later the RECORD shows that the Senator accepted the amendment.

The Senator from Oregon, 15 or 20 minutes ago, stated that there was a practical issue involved. He was doubtful whether his amendment for a study to eliminate foreign aid would get through. I can understand why he said he would accept the amendment.

That is the record of what happened last year.

Mr. MORSE. I accepted it.

Mr. LAUSCHE. There was a question whether the amendment ought to be accepted on a voice vote. It was agreed that, to show the firmness of the Senate, there should be a rollcall vote. On that rollcall vote there were 78 yeas and 1 nay. Thus the amendment was adopted in the Senate.

I think every Senator will concede that whenever the chairman of a committee and the sponsor of an amendment agree on its acceptance, there is a purpose to have it accepted on a voice vote. When it went to a rollcall, the result was the equivalent of the result on a voice vote.

The RECORD I have quoted from does not at all support the proposition that those who are having some question about the amendment are in an inconsistent position.

Mr. MORSE. Mr. President, it is true that I agreed to the amendment.

Mr. LAUSCHE. Why did the Senator support it?

Mr. MORSE. I probably did not give the consideration to it that I should have; but what I did last year does not bind me as to what I shall do this year.

Mr. LAUSCHE. My suggestion is that the Senator from Oregon accepted it because he was anxious to get his study proposal approved to bring foreign aid to an end.

It was a practical move.

Mr. MORSE. I wanted to get it accepted. But this year is not last year. Now I want to get it accepted with changes. Events have occurred which justify modification of the measure. I shall offer modifications. I am sure after I do the Senator from Ohio and I will stand together on it.

Mr. LAUSCHE. I favor a study, but the language should be of a nature neither implying nor suggesting any increase or decrease in the program. It should be an objective study.

Mr. MORSE. That is the way I feel about it. To give the Senator an idea of what it means mathematically, if we were to talk the American people into closing the gap between the gross national product in this country and the situation in the "have-not" nations, let us take India for an example. With an average income a year in India of \$100 per capita, and assuming the average income in this country were \$2,800, and we were dealing with a 500 million population in India, the gap would be \$1.350

trillion. I know the proponents of such a measure would say it is absurd. I agree that it is reducing it to an absurdity to make the point, but the point is that that represents the difference between the incomes in the two countries on a per capita basis. We ought not have that kind of language, but we ought to be able to join forces in having a committee appointed to study all aspects of the foreign aid program and make findings of facts and recommendations. The committee might make recommendations as to what this country ought to spend, but we would have an opportunity to pass on that recommendation. But I do not think we ought to imply to them that we feel committed to closing the gap.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LONG of Louisiana. Would the Senator mind repeating those figures as to how much would be necessary to bring the people of India into our standard of living?

Mr. MORSE. If we assume that there are 500 million people in India, it would take \$1,350 billion.

Mr. LONG of Louisiana. That is about twice our gross national product. The Senator knows that in order to bring the gross national product to \$1,350 billion in India, one of the first things we would have to do would be to try to feed the Indians and help them with their health standards. While we were trying to bring up their living standards, is it not possible that the population of India would increase, making the demand even greater than the \$1,350 billion?

Mr. MORSE. That is correct. I do not think it would be far wrong to say that, if we eliminated the bloc countries of Europe and took the rest of the world, our gross national product would be greater than all the other countries of the world, which is quite a gap. Even with all our humanitarian impulses, we could not possibly close that gap on a unilateral basis. That is why I said earlier in this discussion I thought a Commission should be appointed and that it should give much consideration to what can be done on a joint multilateral program, rather than place it on the basis of a unilateral foreign aid program by the United States.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. With respect to the exchange just had between the Senator from Oregon and the Senator from Louisiana, I think it is quite clear that the suggestion is not that the United States will give enough aid to those countries in order to close the gap. That was not the purpose. Our long-term objective is that the gap shall not widen, but begin to close.

The second point I wish to make, with reference to what the Senator from Louisiana said, is that we are talking about an association with other countries and what they are willing to do. We are talking about the underdeveloped countries joining in the effort, the developed countries joining in the effort, the United States joining in the effort, and also what

is in our own national interest. We should always bear in mind what is in the national interest of the United States, and what kind of governments are involved. We should not unilaterally decide that we are going to give the only aid and assistance.

I do not mind accepting any language the Senator from Oregon may suggest to clarify the matter, but, in fairness to the amendment and the discussion that took place last year, we should not distort what is in the amendment.

Mr. MORSE. I did not intend to distort it.

Mr. KENNEDY of New York. The discussion goes in considerable degree into the role the developed countries have to play, and not just the United States.

Mr. LONG of Louisiana. Mr. President, the objection that it seems to me applies most to the amendment, from my point of view at least, is that while we are willing to vote for a study, the whole purpose of a study is to give us information upon which we could base an appropriate conclusion.

I believe the majority of Senators would feel as I do, that we ought not to be telling the study group what they will recommend before they make their study. Let them make their study, and after they make it, it would seem appropriate then that they should come up with their recommendation of what we should do, and not before. That tends to prejudice a study. "Prejudice" is a bad word in some respects, but that is what it does. At least to a certain extent, we have already reached a conclusion, and we are saying now, "You make your study, and you recommend this and you recommend that, and then you can put in such other recommendations as you wish, to arrive at that general conclusion."

That, I think, is the main objective to the amendment in its present form. But if that objection is eliminated, perhaps we could support the amendment.

Mr. MORSE. Mr. President, I do not think I shall make a statement on my amendment tonight. I will make it at the beginning of the session tomorrow. My amendment is the pending business.

Mr. FANNIN. Mr. President, I recognize and appreciate the sincerity of purpose that motivates our foreign economic assistance program and has characterized our Government's approach in extending direct help to less fortunate nations.

All of us would agree that it would be beneficial to the United States if we can persuade those nations not yet aligned with or dominated by Communist power to realize that their legitimate hopes and national aspirations can be more readily attained through peaceful cooperation with the free countries of the world, ourselves included.

It can even be argued that long-range benefits might be worth the risks involved in making some assistance available to certain Communist bloc countries that are showing signs of wanting to break away from their Soviet or Chinese masters.

My quarrel is not with the objectives we have sought but rather with the way we have gone about it, frankly, I be-

lieve the record is clear that foreign economic aid in its past and present form, has not best served either our own national interest or the best interest of the recipient peoples.

Our tolerance and patience has been worn thin from the abuse showered on us by those we have helped, the American people are disgusted at being taken advantage of by every so-called new emerging nation that has learned from experience how to kick Uncle Sam and get dollars in return.

I am convinced that if the question of continued foreign aid were put to the voters in a national referendum, it would be emphatically rejected.

Last month it was my privilege to attend the 50th session of the International Labor Conference in Geneva as an adviser to the American delegation. For the first time I had an opportunity to personally see and hear the United States subjected to vicious slander and vituperation by representatives of Communist and allegedly neutral nations, including many who have been beneficiaries of our foreign aid largesse.

One after another in dreary succession, they used the podium of this international gathering to denounce the United States as the imperialistic aggressor responsible for outrages in Vietnam, intervention in the Dominican Republic, provocations against Cuba, Communist China, and so forth.

They also ridiculed our free enterprise system and lauded socialism as the way of the future.

There we were again, as we have so often been in the past, being portrayed as an international gangster bent on murder and exploitation of the poor peoples of the world.

Let me cite a few examples from the record of that conference to illustrate how it was subverted from its purpose into a round-table tirade against our country and its policies.

The pattern for all of this naturally was set by spokesmen for the various Communist bloc countries, such as one from Cuba who said:

There is no need for any further reasoning for the peoples throughout the world to understand that their common enemy is the imperialist government of the United States and that the voice of mankind condemns it energetically.

After commending the election of "A representative from the socialist camp" to the presidency of the ILO, a workers' delegate from the Republic of Mali denounced the United States for "the bloody war in Vietnam."

Praising socialism and attacking private enterprise, a workers' delegate from Burundi said:

The advanced countries should help us without requiring any political alignment.

Another delegate, from Upper Volta, said:

African problems could be overcome if the billions of dollars devoted to an unjustified and inhuman war could be used. The sums spent on bombs to crush the people of Vietnam should have been used to improve conditions in Africa.

A Panama Government delegate made the astounding charge that American

military bases in that country "Constitute a grave danger to the workers and the Panamanian people in general."

Another delegate from Panama blasted U.S. administration of the Panama Canal and had the gall to complain that we did not pay any tolls for passage of our naval vessels.

That misguided individual should have been reminded that American taxpayers have invested all told more than \$2 billion in that country, and that all Panama had to offer was undeveloped land in a unique area.

He should know—and probably does—that our Canal Zone payroll and other related expenditures have been the largest source of income for the entire nation of Panama.

Considering our unhappy and costly experience with paying most of the bills for the United Nations, it will come as no surprise that we also are doing the same thing in the ILO.

The United State pays 25 percent of the direct and 40 percent of the indirect costs of this organization—and this, of course, is by far the largest share of the more than 110 member nations. It is more than several times the Soviet Union's share for example.

Interestingly enough, some of the delegates who were most vicious in their remarks against the United States represented countries that are in arrears in their assessments to support the ILO.

I recognize that the ILO annual budget of approximately \$23 million is negligible compared with the billions we are asked to approve in the bill before us today. But the principle is the same.

No thinking person expects our country to be universally loved. But our unmatched record of international generosity has earned us the right to be respected, and we should insist on this respect as a condition of our assistance.

Apart, from the war in Vietnam, we cannot justify the use of American tax dollars to support programs by international organizations that are aimed directly at the destruction of the free enterprise system and global domination as well.

Yet that is precisely what we are doing with our support of the ILO and also in many instances with our economic aid to nations that do not share the basic principles we stand for at home and abroad.

Others are weak and need our help because their economic and political systems are weak. We are strong and able to provide help because our systems are strong. History will hold us responsible for having used our own resources to help undermine the stability of free enterprise and damage its prospects for world growth in the future.

I repeat, Mr. President, that I am not blindly opposed to the objectives we have sought with our foreign aid program. But we are never going to achieve those objectives with our present approach.

This entire program should be subjected to a thorough restudy and evaluation. The major thrust of any sound program of economic assistance must be in the private sector because it is only through the encouragement and devel-

opment of private enterprise that we can hope to insure any lasting progress in the countries we are trying to help.

In this regard I support amendments that would remove assistance to those nations which indicate no inclination to sever their economic and political affiliation with the Communist bloc.

It is long past time for Congress to boldly assert our Nation's right to be respected. In good conscience, I cannot support a bill to use our own money to finance continued international assaults upon the integrity, good faith, and economic convictions of the United States.

FOREIGN AID BY PRIVATE INVESTMENT

Mr. HARTKE. Mr. President, in all of our discussions so far to date concerning foreign aid, there is one important factor which we have tended to overlook. That is the very important part which American private industry plays in the industrial, economic, and social development of a foreign country.

All the emphasis so far has been on the role of the Federal Government in the foreign aid field. We are presently debating the expenditure of around \$2.5 billion in nonmilitary foreign aid, but I want to point out to you that American businessmen invested some \$3.371 billion overseas in 1965.

In addition to this capital investment overseas, Americans exported nonmilitary goods amounting to \$26.567 billion last year. These figures make the foreign aid provided by the Federal Government seem small by comparison.

Let us for a moment look at the foreign aid program provided by American private industry.

First. This type of foreign aid is unique in that it not only wins friends; but most importantly, it makes a profit. These businessmen are not trying to compete for the minds of the people they sell their goods to. They are only providing much-needed consumer goods, no strings attached. When you give a man something, he always feels that he is your debtor. But when you sell him something—a fine product produced either in the United States or by the foreign subsidiary of an American firm—then he feels that he has received full value for his purchase. And, as I said earlier, the American firm earns a profit—not only monetarily, but also in goodwill.

Second. Capital investment by American firms overseas helps to broadcast the vital message of the private enterprise system. Where there were once mud huts, there now stands a modern factory surrounded by a new and modern town bringing a new found way of life to its inhabitants. This does more to tell the story of America than countless books or radio broadcasts, or even sacks of wheat.

Third. These investments build factories and assembly plants which recruit their workers from the local labor force. Willing workers in underdeveloped countries are taught to operate sophisticated machinery. Many of these companies promote their workers to the managerial level and so help to build a strong middle class in countries where there are only

the very, very rich or the very, very poor. I do not need to tell those of you here of how important a strong middle class is to the development of a stable society, both economical and political.

And finally, many of these plants which are built overseas provide homes, schools, hospitals, and recreational facilities for their workers in countries which have rarely had either the money or the inclination to take care of their own people. This contribution by American industry to the social welfare of an underdeveloped country can never be counted on the scoreboard of the winning of men's minds.

But I must report to you today that both capital investments and exports by American businessmen are in grave danger. Due to policies followed by that same administration which wants to spend more money overseas in the form of foreign aid, these great helps to our foreign aid program are being urged to cut back instead of to increase their contribution.

We have as one of the cornerstones of our foreign policy the promise to solve our chronic balance-of-payments deficit. To do this the administration has instituted the voluntary restraint program on overseas capital investment and on bank lending to foreigners. Instead of offering incentives to our industries to go international, we have embarked upon a policy of economic isolationism.

And how does this affect our foreign aid program? To me it means that for every dollar the administration prohibits American business from either investing overseas or sending overseas in the form of exports, that slack will have to be picked up by the Federal Government in the form of foreign aid, if we are to provide for the expanding economic, industrial, and social development of the world.

I do not want to see this happen. Admittedly there will be gaps in world development which our foreign aid program can be directed toward filling. But private industry plays a so much bigger part in this development, and it should be encouraged to expand the part it plays.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent since there was no period for the transaction of routine morning business today, it be in order to lay before the Senate various departmental communications, and print in the RECORD various routine matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETING DURING THE SESSION OF THE SENATE TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Housing Subcommittee of the Committee on Banking and Currency be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON EXPORT-IMPORT BANK INSURANCE AND GUARANTEES ON EXPORT TO YUGOSLAVIA

A letter from the Assistant Secretary, Export-Import Bank of Washington, Washington, D.C., reporting, pursuant to law, that the amount of Export-Import Bank insurance and guarantees on U.S. export to Yugoslavia for the month of June 1966, not previously reported, totaled \$4,382; to the Committee on Appropriations.

REPORT ON APPROVAL OF LOAN TO SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, on the approval of a loan to the South Mississippi Electric Power Association, of Lucedale, Miss., in the amount of \$20,671,000 (with accompanying papers); to the Committee on Appropriations.

REPORT ON APPROVAL OF LOAN TO ARKANSAS ELECTRIC COOPERATIVE CORP.

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, on the approval of a loan to the Arkansas Electric Cooperative Corp., of North Little Rock, Ark., in the amount of \$14,458,000 (with accompanying papers); to the Committee on Appropriations.

SUPPLEMENTAL REPORT ON ANTICIPATED PARTICIPATION AT INTERAMA

A letter from the Secretary of Commerce, transmitting, pursuant to law, a supplemental report on anticipated participation at Interama by foreign countries and by private industries (with an accompanying report); to the Committee on Foreign Relations.

TRIBAL ELECTIONS HELD BY DEVILS LAKE SIOUX TRIBE

A letter from the Associate Commissioner, Bureau of Indian Affairs, Department of the Interior, Washington, D.C., transmitting, for the information of the Senate, information concerning the recent tribal election held by the Devils Lake Sioux Tribe for the purpose of selecting members to serve on the tribal council (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORTS ON ALIENS WHO CONDITIONALLY ENTERED THE UNITED STATES

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports on aliens who conditionally entered the United States, for the period December 1, 1965, through June 30, 1966 (with accompanying papers); to the Committee on the Judiciary.

APPOINTMENT OF U.S. MARSHALS

A letter from the Attorney General, transmitting a draft of proposed legislation to provide for the appointment of U.S. marshals by the Attorney General (with accompanying papers); to the Committee on the Judiciary.

PLANS FOR WORKS OF IMPROVEMENT IN VARIOUS STATES

A letter from the Acting Director, Bureau of the Budget, transmitting, pursuant to law, plans for works of improvement on Bridge Creek-Ochlocknee River, Ga., Euharlee Creek,

Ga., Pine Log Tributary, Ga., Sallacoa Creek Area, Ga., Indian Creek, Ind., Upper Big Blue River, Ind., Three Mile Creek, Iowa, Upper Black Vermillion, Kan., Cypress-Black Bayou, La., Upper Bayou Nezpieque (Revised), La., East Branch Sturgeon River, Mich., Houlika Creek, Miss., Tallahaga Creek, Miss., Crow and Broad Canyons and Placitas Arroya, N. Mex., Boundary Creek, N. Dak., Middle Branch Park River, N. Dak., Potomac Creek, Va., South Fork Roanoke River, Va., and Otter Creek, Wis. (with accompanying papers); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce:

"JOINT RESOLUTION 28 RELATIVE TO MONTEREY BAY AND SURROUNDING OCEAN WATERS

"Whereas there is an imminent danger of Monterey Bay and the surrounding ocean waters becoming seriously polluted by local and outside forces of contamination and pollution; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Congress of the United States is respectfully memorialized to initiate a study of the oceanography of Monterey Bay and the surrounding ocean waters in relation to the pollution thereof; and be it further

"Resolve, That the Chief Clerk of the Assembly is hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution adopted by the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"JOINT RESOLUTION 29 RELATIVE TO THE SAN FELIPE DIVISION OF THE CENTRAL VALLEY PROJECT.

"Whereas it is the purpose of the San Felipe Division, Central Valley Project, California, to provide, among other things, irrigation and municipal and industrial water supplies, conservation of fish and wildlife resources, and enhancement of outdoor recreation opportunities within the Counties of Santa Clara, San Benito, Santa Cruz and Monterey; and

"Whereas the proposed San Felipe Division will make use of a tunnel to be constructed from San Luis Reservoir westward under Pacheco Pass into said service area and will, by reason of its location, harmonize with and assist the State of California's water plan; and

"Whereas there exists at present in said service area a drastic shortage of underground water; now, therefore, it is

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to expedite authorization of the San Felipe Division, Central Valley Project, California; and be it further

"Resolved, That the Chief Clerk of the Assembly is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairmen of the Committees of the Senate and the House of Representatives on Interior and Insular Affairs, and to each Senator and Representative from California in the Congress of the United States."

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 27, 1966
For actions of July 26, 1966
89th-2nd; No. 120

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HIGHLIGHTS: Senate passed foreign aid authorization bill. Sen. Proxmire urged early decision on school milk program. House committee voted to report child nutrition bill, and bill to allow planting on diverted acreage. Rep. Langen criticized USDA farm policies and urged increase in food production.

SENATE

1. FOREIGN AID. Passed, 66-27, with an amendment H. R. 15750, the foreign aid authorization bill, after substituting the language of the companion bill, S. 3584, as amended. S. 3584 was indefinitely postponed. Senate conferees were appointed. pp. 16243, 16247-78

Began debate on S. 3583, the military assistance and sales bill (pp. 16278-79). Sen. Gruening submitted several amendments (pp. 16283-7) and Sen. Church submitted one amendment to this bill, S. 3583 (p. 16287). This bill would create separate statutes for the economic and military assistance programs.

2. **ROADS.** The Public Works Committee reported with amendments S. 3155, to authorize appropriations for the construction of certain highways including forest roads and trails (S. Rept. 1410). p. 16283
3. **FOREIGN TRADE.** The Commerce Committee voted to report (but did not actually report): S. 3297, amended, to authorize the carriage of military cargoes by U. S. flag vessels at reduced rates which are fair and reasonable; S. 1596, amended, to provide for quarantine inspection by the U. S. at ports of entry without reimbursement by the owners of the transportation facilities; S. 3391, amended, to exempt certain water carriers from provisions of the Shipping Act; S. 3446, amended, to consolidate and reenact certain of the U. S. shipping laws; and H. R. 8760, to implement the provisions of the International Convention for the Prevention of the Pollution of the Sea by Oil. p. D672
4. **GREAT LAKES.** Sen. Hart inserted several resolutions relative to commerce and conservation in the Great Lakes Basin. pp. 16293-94
Sen. Proxmire spoke on the future of the St. Lawrence Seaway and inserted an article, "Legislation Asked To Ease Debts of Struggling Seaway." p. 16301
5. **SCHOOL MILK.** Sen. Proxmire urged an early meeting of the agricultural appropriations conference committee in order that "uncertainties over the 1967 school milk program can be resolved." p. 16295
6. **STRIP MINING.** Sen. Nelson spoke in support of his bill, S. 2688, re strip mining, and inserted the conclusions of the report on strip and surface mining in Appalachia. pp. 16295-6
7. **ELECTRIFICATION.** Sen. Tower inserted a resolution in support of the bill to establish a Bank for rural electric cooperatives. pp. 16301-2

HOUSE

8. **CHILD NUTRITION.** The Agriculture Committee voted to report (but did not actually report) H. R. 13361, amended, to establish a cooperative Federal-State child nutrition program under the direction of this Department. A subcommittee had approved this bill for full committee action earlier in the day. p. D673
9. **ACREAGE DIVERSION.** The Agriculture Committee voted to report (but did not actually report) H. R. 14831, amended, to amend the provisions of the law relating to the planting of crops on acreage diverted under the cotton, wheat, and feed grains program. p. D673
10. **RECREATION.** The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 2778, amended, to provide for the establishment of the Bighorn Canyon National Recreation Area. p. D674
11. **WILDLIFE.** The Merchant Marine and Fisheries Committee voted to report (but did not actually report) H. R. 14136, amended, to amend the Migratory Bird Hunting Stamp Act, to increase by \$2 the fee for such stamp. p. D674
12. **CCC.** Both Houses received from the President the Commodity Credit Corporation's report for 1965. pp. 16281-2, 16314-5

I ask unanimous consent that this special news column by George Barmann, as published in the Christian Science Monitor, be placed in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLEVELAND RAKES COALS OF RACIAL VIOLENCE
(By George Barmann)

CLEVELAND.—In the race riots in this city, there are two vital questions which still have no official answers: What has caused this turbulence, with fatalities, injuries to police, firearm, and civilians, and property damage that will reach \$1 million? And was it all organized or was it spontaneous?

Few public officials care to make public statements or to give answers to either of these questions.

Cleveland's worst rioting in its history broke out in what is known as the Hough area, on the city's east side, the night of July 18. It carried over into the morning hours of July 19.

It left a Negro woman killed, felled by a bullet from someone's gun. Twenty-one persons were hurt, including 12 policemen and one fireman. They were victims of gunshot wounds and of showers of bricks and rocks. Property damage, authorities said, would reach \$1 million—from fires, mostly.

The next day Mayor Ralph S. Locher said "this is a tragic day in the life of our city." Observing the damage and the smoldering fires in stores and homes, he asked Gov. James A. Rhodes for a unit of the Ohio National Guard to be alerted for duty—if necessary.

The trouble area is an urban-renewal area, where renewal has been extremely slow and, by many measures, mostly a failure. It is an area of frustrations—in housing, in jobs, in education. The area has deteriorated badly. That's the big problem: deterioration.

GATHERINGS BROKEN UP

And so the summers lightning of racial discontent has struck the Hough area again in Cleveland. The summer's first violence, a pattern of vandalism and of looting, began June 22, with roving gangs of teen-agers and young men on the loose with rocks and bricks and fire bombs.

A Negro boy was shot at that time. He was wounded when he stood near a gang of rock throwers. The trouble went on for 10 days, with police squads breaking up gatherings here and there in the area. As quickly as the incidents began, they gave way to an uneasy lull.

Then came the furious troubles of the night of July 18.

Young mobs ran wild again. Only this time the shooting was widespread. Snipers went after policemen. Chief of Police Richard R. Wagner took his own personal hunting rifle with him as he tried to track down snipers on roof tops. Mobs cut fire hoses to keep firemen from putting out blazes.

"Burn, baby, burn!" was the cry heard. Said the Cleveland daily newspapers, in editorials: "This violence must stop."

Putting down the violence hardly ends the difficulties. Ironically, the trouble broke out hours before Mayor Locher was to visit the racially concentrated area. That visit was prompted by repeated complaints of uncollected and rat-infested garbage, abandoned and vandalized houses, unswept streets, and other marks of the area. All of this—and hot and crowded Hough in July.

Another cause, some persons insist, is sinister leadership. Still, there is plenty of frustration and suffering for the instigation to feed on. Said a social worker in the area: "Nothing has been done about police enforcement or building enforcement. We can reach these people, but we can't get results without more help from City Hall."

MAYOR ORDERS STUDY

Bertram E. Gardner, director, Community Relations Board, said: "It's a combination of frustrations." Ezra Shapiro, cochairman of the board, said: "Not enough is being done to solve the basic problems." Mayor Locher has ordered a study of the area's problems. He has asked for recommendations.

For weeks, police have been collecting information on the activities of several persons—information relating to gun clubs, target-practice ranges in an adjoining county, youth clubs where teen-agers are taught to "mug" and loot, in addition to military drills and crowd-dispersal tactics. Veteran newsmen get the picture. Some persons spoke of the summer riots of 1966 while the snow was still on the ground earlier this year.

The seething element in the Hough community spins out of a youth movement identified with the JFK House, a store-front recreational center. It is directed by Lewis G. Robinson, a Negro, who formerly was a city housing inspector and one-time law student. He believes Negroes are "terribly abused by whites." Youths associated with the house have been involved in fights and street hoodlums.

Observers have noted that among the teen-agers in the latest riots were persons in their 20's.

"There is a classic pattern emerging all over the country," says Chief of Police Wagner. "Juveniles are supposed to get the riot off the ground. If they do, extremists come out and get on the roof tops with their rifles to shoot at policemen. The extremists are a small, loose organization with a lot of opportunities."

Again, with no one willing publicly to pinpoint the trouble, some Negro councilmen and welfare workers blame the riot squarely on the boldness of the youth gangs who are not arrested or punished and who continue to grow in daring.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

S. 2822. An act to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder, and for other purposes;

H.R. 139. An act to provide for the striking of medals to commemorate the 1,000th anniversary of the founding of Poland; and

H.R. 14324. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and administrative operations, and for other purposes.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

AMENDMENT NO. 667

Mr. MORSE. Mr. President, my amendment No. 667 is pending. It is an amendment which provides that none of the funds authorized by this act shall be used to provide assistance to any country in Latin America in any fiscal year, if the total estimated expenditures of such country for defense purposes for

such year are expected to exceed an amount equal to 3.5 percent of the estimated gross national product, as determined by the President, of such country for such year.

Mr. President, this amendment is designed to restrict financial assistance to countries of Latin America that devote a disproportionate share of their already meager national wealth to military establishments.

At the present time, it would not cause suspension of any assistance in Latin America, for no country exceeds the limitation set forth in my amendment, judging from the figures available.

In the hearings on the pending bill, I questioned Assistant Secretary Lincoln Gordon on the extent of militarization of nations of the hemisphere. We all know they are not threatened with attack, say, from the Soviet Union, or China. If world war III comes, it will not come because of Latin America nor will it directly involve Latin America. Defense problems between themselves tend to be more a matter of rivalry in prestige rather than the likelihood of full-scale warfare.

It is obvious, Mr. President, that in some of the Latin American countries, there have been built up, on a prestige factor, rather powerful military oligarchies which cost the countries involved huge sums of money. If we are to provide economic development aid, the taxpayers ought to have assurance that the recipient country will not use, then, its own resources to build up a nonproductive military oligarchy, for it is not needed for the external protection of the country.

We have to draw a clear line of distinction here, Mr. President, between external security and internal security. The Latin American countries exist under the defense umbrella of the United States. Certain types of military aid are needed for internal security, to protect a country from a Communist coup—although it is rather paradoxical that much of the military establishment in too many Latin American countries is used to bring about military coups.

The type of military aid that I have supported has been military aid of that quantity and kind necessary in order to suppress internal riots and internal coups of a Communist nature. That means small arms. It means helicopters, communications equipment, machineguns, and rifles; it means what we generally refer to as small arms military paraphernalia. But tanks, plans, submarines, and heavy equipment, Mr. President, which characterize too much of the military establishment in too many Latin American countries, are used primarily to build up, for prestige purposes, a powerful military class.

The figures furnished by Mr. Gordon, our Assistant Secretary of State for Latin American Affairs, appear on page 538 of the printed hearings. They show that in Latin America, Brazil and Peru currently spend the largest percentage of their national wealth on military establishments. The figure for both is 3.4 percent of their gross national product.

My amendment provides that if any country goes over 3.5 percent of its gross national product, then we cut off the aid

until that country returns to a more reasonable figure as far as military expenditures are concerned. Panama spends the least—one-tenth of 1 percent, followed by Costa Rica with four-tenths of 1 percent.

The administration seeks to make much of the small percentage of men under arms in Latin America, relative to the rest of the world. But that hardly has anything to do with the issue. The issue is, What is the real need in Latin America? It is not for military defense, as it may be in West Germany or India, but for economic growth and development.

If the United States is going to be expected to contribute heavily to their economic growth—and we are so expected, and I happen to believe we should make such contributions—then we need to be assured that their own resources are not going to be diverted into unnecessary and wasteful military expenditures.

The Secretary of Defense, Mr. McNamara, sought before our committee to make much of the possibility that if we do not furnish military equipment gratis to Latin America, or at least sell it at cut rate prices, those countries will take their business to Europe and will spend much more of their resources on military equipment than at present. Of course, that does not follow at all, nor does it follow that the United States should help them do it by continuing the flow of money that enables them to buy military goods elsewhere.

In fact, Mr. President, as I said at the hearing in my colloquy with the Secretary of Defense, I consider his argument the argument of international blackmail. I was very disappointed that the Secretary of Defense would advance it as a serious argument, that we ought to either give or sell military equipment to a given Latin American country in the quantities that they want, on the premise that if we do not, they will turn to Russia and buy it. My answer to them would be, "Go ahead and do it. But we will cut off aid to you, if your military expenditures go over 3.5 percent of your gross national product."

Mr. President, that is only a common-sense proposal. I do not see how we, as Senators, can justify to the American taxpayers our making large sums of money available to a Latin American country for economic development when our contribution has the effect of releasing their own money to buy from us or others large quantities of military equipment.

Mr. President, the issue is whether or not, if we yield to that kind of coercion on the part of any Latin American country, we are protecting the American taxpayer in the way he is entitled to be protected. I think we are not. I believe that the military establishments they will be able to maintain with up to 3.5 percent of their gross national product would give them more military supplies than they need to protect themselves from the internal disorders that might be created by a threatened Communist coup.

Mr. President, Argentina, for example, puts 15 percent of its budget into arms as against 17.5 percent into capital investment.

The Dominican Republic, before the revolution, spent 17.8 percent on arms and only 15.7 percent on capital investment.

I ask unanimous consent that the figures submitted by Secretary Gordon which appear on page 538 of the printed hearing, be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Latin American military expenses, 1964

	Host government expenditures			U.S. military assistance (millions of dollars)	
	Defense expenditures		Capital budget invest- ment as percent of total expenses	Grant assistance deliveries	Credit assistance sales
	As percent of total expenses	As a per- cent of GNP			
Argentina.....	15.0	2.3	17.1	1.5	-----
Bolivia.....	6.8	1.1	20.2	3.2	-----
Brazil.....	16.1	3.4	26.7	9.1	-----
Chile.....	8.8	1.8	32.9	7.8	0.1
Colombia.....	12.2	1.3	38.9	6.2	-----
Costa Rica.....	2.0	.4	38.8	.5	-----
Dominican Republic.....	17.8	n.a.	15.7	1.5	-----
Ecuador.....	10.0	2.0	17.6	2.6	-----
El Salvador.....	8.8	1.2	32.4	.9	-----
Guatemala.....	10.5	.9	16.6	1.4	-----
Honduras.....	10.1	1.3	21.3	.4	-----
Mexico.....	8.2	.7	25.5	.3	-----
Nicaragua.....	16.5	1.8	23.2	1.2	-----
Panama.....	.5	.1	16.1	.1	-----
Paraguay.....	30.4	3.1	26.7	1.2	-----
Peru.....	13.1	3.4	26.8	10.0	-----
Uruguay.....	6.2	1.2	4.4	1.8	-----
Venezuela.....	9.9	2.2	39.6	1.5	4.6

Mr. MORSE. Mr. President, rather than measure defense expenditures as a portion of total budget expenditures, however, this amendment measures them as a percentage of gross national product.

I think that is the fair measuring rod. Its nearest impact would be in Brazil and Peru, which devote 3.4 percent of their gross national product to defense expenditures, and Paraguay which devotes 3.1 percent.

The amendment would not affect them immediately, but would serve as a warning that if their expenditures for military purposes go any higher, the United States will no longer subsidize their economic development and, in effect, replace their capital resources with American capital resources.

When I discussed the amendment in committee, where it was rejected, the argument was made that we would be interfering with the sovereign rights of a sovereign state. I understand that argument, Mr. President, but I do not think that a period should be put at the end of that argument, but only a semicolon. There also should be added to it: "so is the United States a sovereign state."

So it is the United States, in carrying out its obligation of sovereignty in relationship to the taxpayers of the United States, that has a duty to lay down conditions on the meeting of which will depend the making available of American taxpayer dollars for aid to any country.

We do not interfere with their sovereign right to place more importance on their buying of arms from Russia than on getting economic aid from the United States to help them improve the lot of the masses of their people.

The argument of sovereignty, Mr. President, works both ways. The Senate has an obligation to carry out a foreign pol-

icy within the sovereign prerogative of the United States that protects the American taxpayer from the kind of holdup to which I think they are being subjected in some Latin American countries when they take all the aid they can get from us—and our AID administration has been exceedingly generous to them—and then, in addition, they start using their own resources to obtain supplies, equipment, and heavy equipment for a large military establishment which, in effect, means that the taxpayers indirectly pay for that military establishment.

I think that is a good example of malfeasance in the administration of our foreign aid program. Our foreign aid administrators need to be told that must stop, that we will give those countries that amount of military establishment that will protect them from internal disorder, but no more.

If the countries of the hemisphere want to spend their resources for arms, they can surely do it. But do we want to spend Alliance for Progress funds to replace the diverted money? In my opinion, that is pure waste. In my opinion it is hurting the Alliance for Progress program, but more of that in a moment.

This amendment would discourage these countries from purchasing arms abroad and should accompany any ceiling on arms aid such as is now in the military assistance portion of the law.

My closing argument deals with our actions to put the deleterious effect of our military program in Latin America upon the true objectives of the Alliance for Progress program.

President Kennedy never envisioned the Alliance for Progress program as being anything other than an economic aid program. Members of the Committee

on Foreign Relations are well aware of it because many were on the committee with me at the time that the then Senator from Massachusetts, later President of the United States, was a member of the Committee on Foreign Relations and also a member of my Subcommittee on Latin American Affairs.

He stood shoulder to shoulder with me, may I say, on practically all aspects of the Alliance for Progress program, although we did not call it that then. In fact, I cannot recall one single item, major or minor, involving the Alliance for Progress program, or the preparation of it, in respect to which we did not completely agree.

Mr. President, the then Senator Kennedy, later President Kennedy, emphasized that what is needed is an economic program in Latin America. He emphasized that what is needed is investment of American funds in projects that would help improve the economic lot of the people of a given country, leaving within the sphere of economic influence of each project that our objective should be to try to do something to better the economic lot of the people of Latin America at the mass level.

I have said in the Senate so many times that I know I speak only again for the record this morning: there is no hope in some areas of Latin America for a developing political freedom, and there is no hope of maintaining and strengthening political freedom wherever it exists to some degree in Latin America unless we strengthen economic freedom. Only through exporting or helping to export to Latin America the system of economic freedom is there any chance for Latin America surviving the threat that communism is pressing down upon it in many areas of Latin America.

Communism will never be beaten with military assistance. Communism will never be beaten with bullets. You cannot shoot communism out of Latin America, nor can you shoot communism out of the minds of segments of the people who, because of their deprivation and degradation, have reached the point in many instances of hopelessness and are therefore completely willing to go along with something that promises to be better when, in fact, it is bound to be worse and will mean more misery, more poverty, and more degradation if they surrender to it.

Mr. President, we have got to build up, as President Kennedy envisioned when he announced the Alliance for Progress program, a great economic assistance program in Latin America based upon the project concept.

When the military assistance program, or when the expenditure of a given country for an unneeded, exaggerated military establishment, has the effect of interfering with the economic program of a given country, then we ought to be willing to say, and my amendment proposes to have us say: "We are not going to continue economic aid to you. You must cut back, and you ought to establish a ceiling of not more than 3.5 percent of your gross national production."

Here, in connection with the economic aid program, we have an opportunity

this morning to put into the proposed legislation this check on excessive spending for a military program in any Latin American country at the cost of the development of a sound economic program.

Therefore, I believe that my figure of 3.5 percent in relationship to the gross national product figure is a fair checkmate upon any Latin American country that wishes to build up a military establishment at the expense of the economic needs of its people.

Mr. FULBRIGHT. Mr. President, this amendment was offered in committee and rejected by a vote of 11 to 4.

According to the latest figures available to the Foreign Relations Committee, Brazil spends the highest percentage of gross national product on defense in Latin America, and that is at the level of 3.5 percent. All other Latin American countries spend a lower percentage.

Thus, the amendment would have no immediate practical application. But it would have the effect of saying to Brazil, "If you increase your defense expenditures, you get no more U.S. aid."

Maybe that ought to be said to Brazil, but it ought to receive more consideration than the Senate can give it during debate on this bill. And it ought also to be related to defense expenditures by other Latin American countries, especially Argentina.

There is a technical defect in the amendment, possibly inadvertent, in that it makes it the responsibility of the President of the Latin American country to determine that country's gross national product.

For these reasons, I oppose the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from Oregon [Mrs. NEUBERGER] and the Senator from Connecticut [Mr. DODD] are necessarily absent.

I further announce that, if present and voting, the Senator from Indiana

[Mr. BAYH] and the Senator from Oregon [Mrs. NEUBERGER] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] would vote "nay."

The result was announced—yeas 11, nays 78, as follows:

[No. 154 Leg.]

YEAS—11

Burdick	Hartke	Pell
Clark	Kennedy, N.Y.	Tydings
Ellender	Morse	Young, Ohio
Gruening	Moss	

NAYS—78

Aiken	Hart	Mundt
Anderson	Hickenlooper	Murphy
Bartlett	Hill	Muskie
Bennett	Holland	Nelson
Bible	Hruska	Pastore
Boggs	Inouye	Prouty
Brewster	Jackson	Proxmire
Byrd, Va.	Javits	Randolph
Byrd, W. Va.	Jordan, N.C.	Ribicoff
Cannon	Jordan, Idaho	Robertson
Case	Kennedy, Mass.	Russell, S.C.
Church	Kuchel	Russell, Ga.
Cooper	Lausche	Saltonstall
Cotton	Long, Mo.	Scott
Curtis	Long, La.	Simpson
Dirksen	Magnuson	Smathers
Dominick	Mansfield	Smith
Douglas	McCarthy	Sparkman
Eastland	McGee	Stennis
Ervin	McGovern	Talmadge
Fannin	McIntyre	Thurmond
Fong	Metcalf	Tower
Fulbright	Miller	Williams, N.J.
Gore	Mondale	Williams, Del.
Griffin	Monroney	Yarborough
Harris	Montoya	Young, N. Dak.

NOT VOTING—11

Allott	Dodd	Neuberger
Bass	Hayden	Pearson
Bayh	McClellan	Symington
Carlson	Morton	

So Mr. MORSE's amendment was rejected.

Mr. THURMOND and Mr. BYRD of Virginia addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized. The pending business, however, is amendment No. 696, according to the unanimous consent agreed to yesterday by the Senate.

The Senator from South Carolina has the floor.

Mr. THURMOND. Mr. President, is that the amendment that has been modified and is now numbered or designated as amendment No. 704?

The PRESIDING OFFICER. The Senator is correct. The amendment has been modified and is pending now as amendment No. 704, proposed by the Senator from New York and the Senator from South Dakota.

ORDER OF BUSINESS

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from Colorado [Mr. DOMINICK].

Mr. DOMINICK. Mr. President, I appreciate the courtesy of the distinguished Senator from South Carolina.

I ask unanimous consent to proceed for 1 minute on a nongermane subject.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AIRLINE STRIKE—INTRODUCTION OF A JOINT RESOLUTION

Mr. DOMINICK. Mr. President, it seems to me the airline strike is getting more acute every day. We keep getting more and more letters, telephone calls, people writing in about their problems in connection with the airline strike.

Yesterday I introduced a joint resolution. I ask unanimous consent that I may introduce a revised version of the joint resolution which would give legislative authority to do something about the airline strike. I also ask unanimous consent that it may be printed in the RECORD as a part of my remarks.

My original joint resolution called for the reconvening of the Presidential Emergency Board of April 21. I have talked with the distinguished Senator from Oregon [Mr. MORSE], who is on the floor, about this proposal. From statements he has made and from statements of other persons, he feels that the Presidential Board has disqualified itself. Consequently, the revised version of my joint resolution would have the President appoint a five man board within 5 days after the adoption of the resolution. The hearings and the recommendations of the Emergency Board would be turned over the new Board. The Board would have 30 days to hold additional hearings and then it would have authority to issue an order which would be binding on both parties.

We are in an extraordinary parliamentary situation in the Labor and Public Welfare Committee. There is pending before it the minimum wage bill. There is pending before it the lower education and the higher education bills. There is pending before it the airline strike proposals and so many other matters that it seems impossible for the committee to consider all of the matters.

I have alerted the committee that I shall object to the Labor and Public Welfare Committee proceeding on other legislation while the Senate is in session, until the airline dispute has been worked out in a legislative way or the strike is settled. I think that is particularly important. I do not see how we can debate with good reason and justice, the other bills before the Labor Committee, until the issue of the airline strike is settled.

This airline strike is having such a devastating effect upon our Nation's economy that it is sheer foolishness to ignore it any longer. Not only will I object to the Labor Committee's bypassing this important issue to take up other legislation, but I intend to object to any executive sessions on other legislation that the committee may attempt to hold while the Senate is in session.

It is not my purpose to hold back action on important legislation such as the current proposal dealing with minimum wages, but it is high time for the Senate to come to grips with the enormous prob-

lems created by the airline strike, especially in view of the President's refusal to make his own position clear.

I thank the Senator from South Carolina for yielding to me.

I now send to the desk the revised version of the joint resolution to which I referred previously.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S.J. Res. 185) to provide for the settlement of the labor dispute between certain airlines and certain of their employees, introduced by Mr. DOMINICK, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S.J. RES. 185

Whereas the labor dispute between certain airlines and certain of their employees represented by the International Association of Machinists and Aerospace Workers threatens essential transportation services of the Nation; and

Whereas it is essential to the national interest, including the national health and defense, that essential transportation services be maintained; and

Whereas all the procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute; and

Whereas the Congress finds that emergency measures are essential to security and continuity of transportation services by such carriers; and

Whereas it is desirable to achieve the above objectives in a manner which preserves and prefers solutions reached through collective bargaining; and

Whereas the parties have failed to reach a settlement of the dispute, and as a result a work stoppage has occurred which has deprived the nation of necessary transportation services; and

Whereas it is essential that such services be restored at the earliest possible date and that procedures be provided for final and binding settlement of the issues in the dispute: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That no carrier or labor organization which is a party to the existing labor dispute (National Mediation Board Case No. 7655) between certain airlines and certain of their employees which has resulted in a stoppage of work by such employees and an interruption of service by such airlines, shall make any change except by agreement, or pursuant to an arbitration award as hereinafter provided, in rates of pay, rules, or working conditions encompassed by such dispute or engage in any strike or lockout over such dispute. Any action heretofore taken which would be prohibited by the foregoing sentence shall be forthwith rescinded and the status existing immediately prior to such action restored.

SEC. 2. There is hereby established an arbitration board to consist of five members who shall be appointed by the President within five days after the date of enactment of this joint resolution. One of the members shall be designated as chairman at the time of appointment. Notwithstanding any other provision of law, the National Mediation Board is authorized and directed (1) to compensate the members of the board at the rate of \$100 per day together with necessary travel and subsistence expenses, and (2) to provide such services and facilities as may be necessary and appropriate in carrying out the purposes of this joint resolution.

SEC. 3. Copies of the record of the proceedings before Emergency Board No. 166, appointed by the President under the Railway Labor Act, shall be made available to the arbitration board appointed under section 2. The arbitration board is authorized to consider and adopt such of the testimony taken by the Emergency Board No. 166, and to take such additional testimony, as it deems appropriate. The arbitration board shall make its decision resolving the issues in dispute. Such decision shall be binding on both the carriers and the labor organization which are parties to the dispute and shall constitute a complete and final disposition of the issues covered by the decision.

SEC. 4. To the extent not inconsistent with this joint resolution the arbitration shall be conducted pursuant to sections 7 and 8 of the Railway Labor Act, the board's award shall be made and filed as provided in said sections and shall be subject to section 9 of said Act. The United States District Court for the District of Columbia is hereby designated as the court in which the award is to be filed, and the board shall report to the National Mediation Board in the same manner as arbitration boards functioning pursuant to the Railway Labor Act. The award shall continue in force for such period as the board shall determine in its award, but not to exceed two years from the date the award takes effect, unless the parties agree otherwise.

SEC. 5. The board shall begin its hearings immediately upon its appointment and shall make and file its award not later than thirty days after the date on which it commences its hearings.

SEC. 6. The obligations imposed by this joint resolution, upon suit by the Attorney General, shall be enforceable through such orders as may be necessary by any court of the United States having jurisdiction of any of the parties.

SEC. 7. This joint resolution shall expire one hundred and eighty days after the date of its enactment, except that it shall remain in effect with respect to the last sentence of section 4 for the period prescribed in that sentence.

SEC. 8. If any provision of this joint resolution or the application thereof is held invalid, the remainder of this joint resolution and the application of such provision to other parties or in other circumstances not held invalid shall not be affected thereby.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. THURMOND. Mr. President, I am going to speak against the Kennedy amendment which is pending at the desk as No. 704.

I was interested to see in the CONGRESSIONAL RECORD this morning that quite a discussion and debate developed last evening on the Senate floor concerning an amendment offered by the junior Senator from New York [Mr. KENNEDY] and cosponsored by the senior Senator from Pennsylvania [Mr. CLARK].

This amendment is the same amendment which was offered last year to the foreign aid authorization bill and was adopted by the Senate on rollcall vote of 78 to 1. It subsequently was deleted in conference, a circumstance which has precipitated its being offered again this year.

During the discussion which ensued yesterday, numerous references were

made to the overwhelming approval of the amendment last year by a vote of 78 to 1. Since I was the only Member of the Senate to vote against the proposal last year, when it was considered in such great haste and certainly without adequate discussion, I am particularly pleased that the amendment is being considered for what it actually is this year.

My understanding of the amendment last year was that it directed a study to determine the appropriate level of future foreign aid commitments on the part of the United States with particular reference as to whether the level of our foreign aid should be tied in, on a percentage basis, with the gross national product of the United States.

I was not opposed then, nor am I opposed now, to a study and rethinking of our foreign aid program. However, even from the brief discussion of the amendment, it appeared obvious to me that the amendment was sadly deficient in several respects.

First, it was predicated on the assumption that foreign economic assistance by the United States was too low and should be increased substantially.

Second, although there was a commission established to study the foreign aid economic program and report both to the President and to the Congress, the amendment virtually tied the hands of the Commission as to what their findings could be.

Third, it appeared to me completely unreasonable to attempt to calculate the level of our foreign economic assistance on the basis of our own gross national product since this avoids the necessary question of the need for future assistance on the part of the developing nations.

Fourth, it was implicit from the amendment that it anticipated a foreign economic assistance program in perpetuity, and did not look to the day when the United States would no longer be called upon to devote its own resources to the benefit of other nations.

Fifth, the amendment did not deal with certain elements of the foreign aid program which I considered most worthy of study. I have particular reference here to the numerous administrative deficiencies which have existed from its inception and which continue today.

These are the reasons why I opposed the amendment when it was offered last year and are the reasons why I shall oppose the amendment this year unless it is substantially modified. It is particularly gratifying to me to see that numerous other Members of this body share my concern with the implications of this amendment now that the opportunity has provided itself for a more full and open debate on its merits.

AMENDMENT NO. 694

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside and that I may call up my amendment No. 694, and request its immediate consideration.

The PRESIDING OFFICER. Is there objection? Hearing none, the request is agreed to.

The clerk will state the amendment.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Virginia [Mr. BYRD] proposes an amendment, as follows:

On page 1, line 10, strike out "paragraph" and substitute "paragraphs".

On page 2, strike out the quotation marks at the end of line 6.

On page 2, between lines 6 and 7, insert the following:

"It is the sense of the Congress that the action of the West German Government giving approval and financial backing to a deal under which an international consortium in West Europe, headed by a West German firm, would supply steel plants to Communist China, the chief supplier of war material to North Vietnam and the Viet Cong, is a grave blow to the common defense of the free world and to the safety of American troops in Vietnam."

Mr. BYRD of Virginia. Mr. President, as Senators know, the pending bill, S. 3584, begins with a statement of policy. My amendment No. 694 would add an additional expression of concern on the part of the Senate.

The West German Government, Mr. President, has by official action guaranteed the financing of a steel plant for Communist China. I emphasize that I am not speaking of a private firm, I am not speaking of individual companies, but I am speaking of official action taken by the Government of West Germany. Under that action, the payment for steel facilities for Communist China would be guaranteed.

We have heard from our State Department and our military officials that much of our trouble in Vietnam is due to the Red Chinese. We know, from statements by our military leaders, that the bulk of the war materiel killing American soldiers today in South Vietnam is coming from Communist China. We know that our Nation has drafted and sent to southeast Asia 300,000 Americans.

We know, too, Mr. President, that this Nation has drafted and sent to Western Europe 225,000 Americans, for the purpose of protecting West Germany and Western Europe from Soviet aggression. And yet we have seen that the West German Government, by official action, has guaranteed the financing of a steel plant for Communist China.

When I first brought this matter to the attention of the Senate on March 21, following my statement, the able and distinguished Senator from Rhode Island made a similar statement in regard to this action on the part of the West German Government, and I shall quote now from the statement of Senator PASTORE, who incidentally is a cosponsor of amendment No. 694, as is the distinguished Senator from Georgia [Mr. TALMADGE].

Senator PASTORE, on March 21, made this statement:

This steel mill will have the capacity to produce steel which could be used to manufacture bombs, missiles, guns, and bullets to be used against American boys. This country should protest it. If the Administration does not do so, then I think Congress should do something about it.

I have felt since that time, Mr. President, that the administration should officially protest—and strongly and publicly protest—this action by the West

German Government. It is true that the State Department has voiced concern. Under date of June 29, I received a communication, responding to one which I had sent to the Secretary of State, from the Assistant Secretary of State for Congressional Relations, Ambassador Douglas MacArthur II, which contained this paragraph:

There is no Allied agreement which would prohibit the sale or the guarantee of credits for the sale of this equipment to Communist China. I know, however, that you are acquainted with the reservations which Secretary Rusk expressed publicly concerning the transaction. The Secretary's public statements were followed, in early April, by conversations conducted, on instructions of the Department, between our embassy in Bonn and the German Government, in which we officially brought the Secretary's comments to the attention of the German Government, and expressed our hope that the German Government would continue to review the matter.

So the State Department has made an official protest. I feel that it is appropriate and desirable, and could be very helpful, if Congress were also to make an official protest. While the West German Government has given its official approval, work on the project has not yet been started. Not all the other members of the consortium have put up their share of the finances. So I think it is very probable that if the Congress of the United States were to speak out on this issue, the West German Government might withdraw its official sanction and its official guarantee of the financing of this steel plant for Red China.

That is what my amendment No. 694 would do. It would be an expression of concern. It would be an expression of disapproval, on the part of the Senate, of this action by the West German Government, and I believe could very readily result in the saving of American lives in Vietnam.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I commend the able Senator from Virginia for offering this amendment, and I wish to associate myself with the remarks he has made concerning it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield to the Senator from Iowa, but first I should like to express my appreciation to the Senator from South Carolina.

Mr. MILLER. Mr. President, the amendment offered by the Senator from Virginia is a very meritorious amendment in my judgment. However, I suggest that this proposed action poses a threat not only to the lives of our troops in Vietnam, but also to the lives of the troops of our allies fighting in Vietnam—Korean, South Vietnamese, and all other forces presently in South Vietnam.

I wonder if my friend, the Senator from Virginia, would consider possibly modifying his amendment on page 2, line 3, to insert after the word "American" the words "and allied" because I believe that this is right on the point and will strengthen the amendment.

Mr. BYRD of Virginia. Mr. President, I feel that the suggested modification is very desirable. I am very happy to accept the words "and allied." I think the words strengthen the amendment. Certainly our allies who are fighting with us in South Vietnam should have recognition in this measure.

Mr. MILLER. Mr. President, I ask the Senator if he will modify his amendment so that on page 2, line 3, the words "and allied" be inserted after the word "American."

Mr. BYRD of Virginia. Mr. President, I so modify my amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. TALMADGE. Mr. President, I extend my warmest commendations to the able and distinguished junior Senator from Virginia for his amendment.

I think Congress should express its condemnation of the building by West Germany of a steel mill in Red China at the present time, particularly when the Red Chinese are the principal suppliers of the weapons and sinews of war which are being used daily in Vietnam to kill our American sons who are being sent there to fight in the campaign in this unfortunate country.

I am pleased to be a cosponsor, and I compliment the distinguished Senator, for calling this matter to the attention of the Senate.

I hope that his amendment will be agreed to overwhelmingly.

Mr. BYRD of Virginia. Mr. President, I express by appreciation to the Senator from Georgia for his comments and for his firm support of the proposal.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

The yeas and nays were not ordered.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I have great sympathy with the feelings of the Senator from Virginia, but two or three observations should be made.

The Italians and the French participate in this consortium, and if we are going to denounce one country, we ought to denounce all of those involved. If we are going to start denouncing people who sell to the Chinese, we should denounce the Canadians, because they have sold a great deal of wheat to them and people cannot fight without eating. We ought to denounce Argentina, because even though they have a new government, they sold some wheat to Communist China.

I think it is a very risky business to denounce countries whose trade policies we do not approve in a policy statement of this sort.

We have very few friends left, and one of the principal ones is the Federal Republic of Germany. Personally, I would not want to take the responsibility of denouncing them for actions which they thought were in their national interest.

Obviously, there is a difference of opinion in many places in the world as to our policy in Asia. I happen to question the wisdom of our policy there. I think there is at least some reasonable ground for honest differences of opinion, and I do not believe it is wise for the Senate to take it upon itself to pick out and denounce one country. Germany happens to be one of the most powerful and loyal allies of this country today, a country upon whom we depend in many ways. I do not think it is wise to single them out and insult them in this manner. It would be a great mistake, in my opinion.

If we are going to pass this sort of amendment, we should include every country who is doing business with Communist China. This would include quite a number of the more important countries of the world.

Mr. BYRD of Virginia. Mr. President, is it not correct that West Germany is the only government which has taken official action in so far as guaranteeing the financing of steel plants for Communist China is concerned? Private investors of other nations have been involved in other examples, but the West German Government is the only government that has officially taken this action.

Mr. FULBRIGHT. Mr. President, I did not make a study of this particular consortium. I did read an account of it in the newspapers. I believe the account I read said that this is a consortium of several countries. I believe that France and Italy participate with Germany in this project, but I do not recall whether or not they extend credits. But they do participate and, presumably, will profit by it.

Very recently we read of a big deal involving a \$400 million sale to the Russians by the Fiat Co. of Italy.

I would doubt seriously that there is not some government participation in a deal that big. It would be very unusual if there is not, but I have not made a study of it. I do not object to it.

I am told that in the Fiat deal, the United States will furnish a substantial amount of money or material. It is difficult to draw a distinction between that case and the one involving the steel mill. I believe this raises some complex problems. I believe it would be unwise for us to put this kind of policy statement in a foreign-aid bill. That is one of the reasons why I believe bilateral foreign aid bills do much harm to our national interests. Every year there are vehicles for all kinds of miscellaneous expressions about everything from steel mills to fishing off the coast of Peru.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. I wish the Senator would add the States of Washington, Oregon, and California.

Mr. KUCHEL. I join in that last request, and ask that the error be corrected.

Mr. BYRD of Virginia. Mr. President, I would like to put in the countries which are involved, but none of which are involved as a nation, except West Germany.

Mr. FULBRIGHT. What about Canada?

Mr. BYRD of Virginia. Canada is not involved.

Mr. FULBRIGHT. But the Government of Canada assisted in the financing of the sale of wheat to China. Canada has an agency which I understand is somewhat similar to our Export-Import Bank.

Mr. BYRD of Virginia. Does not the Senator see a difference between the sale of wheat and the financing of a steel plant, which would undoubtedly be used to kill Americans? The Chinese are supplying the war materials to the Vietcong and the North Vietnamese, who are fighting American soldiers in South Vietnam. I believe there is a great distinction between wheat and steel. Anyway, Canada is not involved in this particular transaction.

Mr. FULBRIGHT. Not in this particular transaction. But I said in a general way that if we attempt to formally adopt in this bill all our disagreements with the policies of various countries around the world, it would be a very serious mistake.

Mr. BYRD of Virginia. Mr. President, if the distinguished chairman of the Committee on Foreign Relations would permit me to ask him a question—

Mr. FULBRIGHT. Yes.

Mr. BYRD of Virginia. Would it overcome the objection of the Senator if the words "West German" were eliminated and in their place inserted the words "any government"? And then on line 9 of the same amendment, the clause "headed by a West German firm," could be stricken, so as to let this apply to any government which guarantees the financing of warmaking plants for Communist China, which is doing so much to supply the materials for our enemies in South Vietnam.

Mr. FULBRIGHT. I do not believe that would cure the problem.

As I said a moment ago, I disapprove of policy statements in general. Although I may be sympathetic with some aspects of these statements I do not believe they are the proper way to deal with differences among nations. Statements are subject to misinterpretation.

I do not know how many countries would be offended if that were done. I have not given the matter much thought. Perhaps everybody would be angry with us. Enough countries are angry at us now.

I do not believe in including this sort of statement in the bill. I have attempted to strike out all of the policy statements in this bill on several occasions. We did strike them out once, and then they were reinstated. Policy riders are an invitation to the inclusion of statements in the act which are not relevant to aid.

The Senator's amendment does not say that we will cut off aid to Germany. That cannot be done since Germany is not receiving any aid. At least, that type of prohibition makes is relevant. But I do not approve of that approach as a general principle either.

There are other ways of dealing with matters of this nature. The proper way in this case would be for our Government, through diplomatic channels, to express our disapproval of any government doing anything that we believe to be inimical to our national interest. I do not wish to lend myself to encumbering the policy section of the act any more than it is now encumbered.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. MUNDT. I hope that the Senator from Virginia will make the modifications in the amendment that he has mentioned, because I do not believe it is good legislative ordinarily practiced to single out countries by name for condemnation. Every time we have done that, it has caused trouble. Every time the House does it, the administration rushes down and has us write a little escape hatch saying, "unless the President finds it in the public interest."

If we can delineate certain criteria of action to which we object, and then let the shoe fit any foot that happens to inject itself into this problem, I believe that the Senator would improve his amendment substantially. This could be done by eliminating the names of the countries and setting out the conditions and practices to which we object.

I must say that I am not reluctant to use the foreign aid bill as a means by which we can attach statements as to general foreign policy, because this program is in fact a big arm of our foreign policy. I do not agree with the chairman of the Foreign Relations Committee that this is not the place to talk about it or to legislate about it, but I am a little allergic to the idea of singling out countries by name whenever we can avoid it and still achieve the same results.

Mr. BYRD of Virginia. As the Senator from South Dakota has mentioned, the pending bill starts out with a statement of policy. It occurs to me that it is perfectly appropriate to have a statement of policy.

Mr. MUNDT. I see nothing wrong with attaching it to this bill, if we can get across the idea that we wish to convey without needlessly slapping in the face people whose support we may ultimately need.

Mr. BYRD of Virginia. If the amendment were changed to delete the words "West German" and insert "any," would that overcome the objection which the Senator raises?

Mr. MUNDT. It would suit the Senator from South Dakota fine, because I do not believe that we should refrain from discouraging our friends from helping our enemies.

The British have also been in this sordid business. They sold tremendous numbers of buses to Castro at a time when he was desperate for transportation. A great many of our foreign friends are engaged in this practice in

one way or another. Some of them are actually sending supplies through Hainphong to Vietnam to help strengthen the forces shooting at our American boys.

I see no objection at all in our raising a voice of protest and discouragement to those among our friends who engage in practices which help our enemy. I believe we can do that as the Senator has now suggested, without mentioning names but I feel the time has come to express our own convictions and speak our minds.

Mr. BYRD of Virginia. In that connection, I ask unanimous consent that amendment No. 694 be amended, as follows:

On line 7, strike out "West German" and insert "any." On line 9, strike out "headed by a West German firm."

That eliminates reference to a particular government.

Mr. FULBRIGHT. I object.

The PRESIDING OFFICER. There is objection, and the yeas and nays have been ordered.

Mr. WILLIAMS of Delaware. Mr. President—

The PRESIDING OFFICER. The Senator from Virginia has the floor.

Mr. BYRD of Virginia. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I hope that the Senator will be allowed to modify his amendment. That is customary practice. If it is not allowed to be modified, I have a parliamentary inquiry. An amendment to the amendment could be offered to delete that language, could it not?

The PRESIDING OFFICER. An amendment to the amendment would be in order.

Mr. WILLIAMS of Delaware. I hope that before a motion is made to table, or otherwise, the Senator will be given an opportunity to at least change his amendment as he wishes. I believe he is entitled to that.

Would the Senator from Virginia make his request again? Maybe we can get it in.

Mr. BYRD of Virginia. I thank the Senator from Delaware.

My previous request was for unanimous consent to amend amendment No. 694, as follows:

On line 7, to strike out "West German" and insert "any."

On line 9, strike out "headed by a West German firm." No insertion.

The PRESIDING OFFICER. Is there objection to the amendment?

Mr. KUCHEL. Mr. President, reserving the right to object—and I shall not object—if this amendment were adopted, the finger would still be pointed at a friend of the Government and the people of the United States.

I remember an occasion when I was at the White House during the administration of President Eisenhower. The President commented on how, when the world turns over, friendships change, and he used West Germany as an example.

The cause of freedom, the opposition to communism, is reflected by the people and the government of West Germany

just about as vigorously as by any capital in the world.

I do not believe this country can finger a nation and tell that nation how to run its foreign policy, or with whom it is going to trade or with whom it is not going to trade. As a matter of fact, the President sent to Congress a bill dealing with trade with the countries back of the Iron Curtain. That bill has been pigeonholed in the other body.

I yield to the Senator from Vermont.

Mr. AIKEN. I wonder how many Members of the Senate know how many countries we would have to stop dealing with if we stopped dealing with all countries that do business with Communist China. We could do business only with ourselves because we are the only country in the world, to the best of my knowledge—and I have been advised by people who know what they are talking about—that prevents trading with Communist China. That country has to get any supplies from us through a third party, if it gets them at all. At least one other country has a law against such trade, but the law is not observed.

Mr. KUCHEL. The Senator is correct.

I reserved the right to object in order to express myself. I have no objection, but I shall oppose the amendment in amended form.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered. The amendment will be modified.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Virginia [Mr. BYRD].

Mr. BYRD of Virginia. Mr. President, I wish to make one further comment.

The amendment, I might say to the Senator from Vermont, does not express criticism of countries dealing with Red China. It expresses disapproval of the official financing and the building of a steel plant by one government. It does that for the reason that Communist China is the major supplier of war materials which are killing our men in South Vietnam.

If Congress can draft men and send them to South Vietnam, I submit that Congress has the responsibility to protect them while they are there.

Mr. AIKEN. The CONGRESSIONAL RECORD indicates that this is a meaningless question because the discussion has related to West Germany. Maybe we could get along without them. I do not know.

Mr. MANSFIELD. Mr. President, I move to table the pending amendment, and ask for the yeas and nays.

The yeas and nays were ordered.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], the Senator from Georgia [Mr. RUSSELL], and the Senator from Arkansas [Mr. McCLELLAN], are absent on official business.

I further announced that the Senator from Connecticut [Mr. DODD] is necessarily absent.

I further announce that, if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The result was announced—yeas 37, nays 53, as follows:

[No. 155 Leg.]

YEAS—37

Aiken	Kennedy, N.Y.	Moss
Anderson	Kuchel	Muskie
Bartlett	Lausche	Neuberger
Cannon	Long, Mo.	Pell
Church	Long, La.	Saltonstall
Clark	Mansfield	Scott
Fulbright	McCarthy	Smathers
Gore	McGee	Tydings
Gruening	McGovern	Williams, N.J.
Hart	Metcalf	Yarborough
Holland	Monroney	Young, Ohio
Inouye	Montoya	
Kennedy, Mass.	Morse	

NAYS—53

Bennett	Fong	Pastore
Bible	Griffin	Prouty
Boggs	Harris	Proxmire
Brewster	Hartke	Randolph
Burdick	Hickenlooper	Ribicoff
Byrd, Va.	Hill	Robertson
Byrd, W. Va.	Hruska	Russell, S.C.
Case	Jackson	Simpson
Cooper	Javits	Smith
Cotton	Jordan, N.C.	Sparkman
Curtis	Jordan, Idaho	Stennis
Dirksen	Magnuson	Symington
Dominick	McIntyre	Talmadge
Douglas	Miller	Thurmond
Eastland	Mondale	Tower
Ellender	Mundt	Williams, Del.
Ervin	Murphy	Young, N. Dak.
Fannin	Nelson	

NOT VOTING—10

Allott	Dodd	Pearson
Bass	Hayden	Russell, Ga.
Bayh	McClellan	
Carlson	Morton	

So Mr. MANSFIELD's motion to lay on the table the amendment of the Senator from Virginia [Mr. BYRD], as modified, was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment, as modified, offered by the Senator from Virginia.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. KUCHEL. Mr. President, I think all Senators should understand that what is pending now is an amendment pointed at the West German Government and, by indirection, suggesting that the action of the West German Government is undermining the position of the United States in southeast Asia.

I regret that the Senate has to vote on this kind of amendment. I am grateful that West Germany stands alongside the other members of the Atlantic Alliance in the cause of freedom in Western Europe and beyond.

The Government of the United States cannot direct her allies as to what kind of trade policy they should follow.

The PRESIDING OFFICER. The Senate will be in order. The attachés who are on the floor must either leave immediately or remain silent. The Senator from California, who has the floor, has a right to be heard.

The Senator from California.

Mr. KUCHEL. Earlier it was brought out on the floor what all Senators know, that the people of the United States have no better friend than Canada, our neighbor.

I did not like to read in the papers that Canada had entered into a series of agreements by which she was going to sell wheat to Red China; but I would oppose voting for a junior-grade censure resolution against Canada.

Mr. President, every year this foreign aid debate degenerates into something like a jungle. One zigs and zags his way through it. We are about ready to have the Senate go on record with an insulting amendment to our friend. It is regrettable that we are ready to vote that way. I am going to oppose it.

Mr. JAVITS. Mr. President, will the Senator yield to answer a question?

Mr. KUCHEL. I yield.

Mr. JAVITS. Like other Members of the Senate, I was tied up in the committee in executive session on the minimum wage bill, and voted "nay" against the motion to table, precisely because I would like to know what the amendment is about in greater detail.

I have no reason for not voting as the Senator from California says he proposes to vote, if we could get some answer to the factual basic question as to whether there is any serious basis for this amendment. Those of us who did not have the benefit of hearing the debate have no idea. Perhaps the distinguished chairman of the committee or the sponsor of the amendment can enlighten us.

The Senator from California has raised a most serious issue. I have always stood against the idea of a censure role on the part of the Congress in the foreign aid bill. We ought to know what is involved. That is the reason for my opposing the motion to table.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the clerk be asked to read the text of the amendment as it was originally proposed, and then to read the text of the amendment as it has now been modified.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read the amendment (694) as originally printed, as follows:

On page 1, line 10, strike out "paragraph" and substitute "paragraphs".

On page 2, strike out the quotation marks at the end of line 6.

On page 2, between lines 6 and 7, insert the following:

"It is the sense of the Congress that the action of the West German Government giving approval and financial backing to a deal under which an international consortium in West Europe, headed by a West German firm, would supply steel plants to Communist China, the chief supplier of war material to North Vietnam and the Viet Cong, is a grave blow to the common defense of the free world and to the safety of American troops in Vietnam."

The legislative clerk then read the language of the amendment, as modified, as follows:

On page 1, line 10, strike out "paragraph" and substitute "paragraphs".

On page 2, strike out the quotation marks at the end of line 6.

On page 2, between lines 6 and 7, insert the following:

"It is the sense of the Congress that the action of any government giving approval and financial backing to a deal under which an international consortium in West Europe would supply steel plants to Communist China, the chief supplier of war material to North Vietnam and the Viet Cong, is a grave blow to the common defense of the free world and to the safety of American and allied troops in Vietnam."

Mr. KUCHEL. Mr. President, all I want to say—and then I am through—is that while the particular country, to wit, West Germany, was deleted from the amendment, the sense of the amendment is precisely the same as it was when it was originally proposed, and the debate will disclose that fact beyond any doubt whatsoever. Whether or not it includes any other nation than West Germany, I do not know, but for my purposes, that is irrelevant. I am not going to vote for an amendment that is an insult to a country that is a friend of the free world.

Mr. JAVITS. What is the substance behind the reason for the amendment?

Mr. KUCHEL. I recall a newspaper article, which I think is probably true, that West Germany has approved a business deal by some of her citizens with a country which we abominate. That is not the first time that a business transaction has taken place involving nations friendly to the United States, as the Senator knows. I am not acquainted with all the relationships of the West German Government, but I am sure the Senator will recall when the Government announced that it was approving the request of its citizens to enter into the transaction.

Mr. JAVITS. So the essence of the Senator's point is not that of censuring another government because it enters into business dealings with a country which we abominate, but the principle involved is that we should have a sense of dignity in our relations with another government like the West German Government. Is that correct?

Mr. KUCHEL. That is correct. I remember when General Eisenhower was in the White House, he remarked on how the world was changing and that there was not any more vigorous supporter of U.S. policy with respect to communism than West Germany. West Germany is divided by the Iron Curtain beyond which remains a large Soviet force. I am not about to participate in the voting of the sense of Congress disapproving a country which is such a friend of this country.

Mr. JAVITS. In other words, whether or not it was West Germany which was involved, the people of West Germany, who have sinned so much against the world, would have a right to be treated without discrimination. There I agree. We must consider whether it is in the highest interest of our country that we ought or ought not to censure, and

whether, going beyond the question of principle, we should adopt a sense of Congress resolution against the Government of West Germany.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. HRUSKA. If the material being supplied to Red China were not steel plants, but were arms and munitions, I would like to ask the Senator from California if he would maintain his present position.

Mr. KUCHEL. While my friend does not mention it, that question would implicitly apply to every nation, because I do not think West Germany would send arms and munitions there.

Mr. HRUSKA. I see no objection to casting the question in that way. It is material to the question before us. After all, steel produced in Communist China is used for arms and munitions.

I would like to know how far the Senator from California would go if it were arms and munitions that were being supplied to Red China. I would like to know how far the same principle to which the Senator from New York referred would be applied. The Senate, if it refused to consider this proposition in that instance of arms and munitions shipments, would look odd in the eyes of our troops who are in Vietnam, and those who will be sent there shortly to replace those troops, as well as to all the American people.

Mr. KUCHEL. To deal with the hypothesis which my able friend has brought up, a sense of Congress resolution would not be my idea of the best way of dealing with that hypothetical situation. I simply say I regret that the Senator has to pass judgment on this amendment.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. HICKENLOOPER. I should like to ask the Senator if he draws a distinction—and this is for information and clarification in my mind—between furnishing steel plants to Red China which will furnish the sinews for the making of materials of war, which will in turn be sent to Vietnam, and furnishing steel plants to North Vietnam which will make materials of war. It does not seem to me there is much difference. I think a great many people would rise in abject horror if they realized one of our allies was sending steel plants to North Vietnam. I wonder if there is any distinction between furnishing steel plants to China and furnishing materials of war to Vietnam.

Mr. KUCHEL. I will answer that question in this way. We must take friends as we find them. I regret very much that our friends in World War II, in Europe, apparently have changed somewhat with respect to the question of the strength of collective security in Europe.

I am glad to recall, in that instance, however, that the one nation in the Atlantic Alliance, aside from the United States, that has never been charged with failure to provide its allocated portion of the sinews of our common defense is West Germany.

The United States, alas, cannot dictate trade policy to our allies. I regret, as an American citizen, that we do not have a common trade policy. It is a matter of real sorrow to me, Mr. President, that the members of the Atlantic Alliance could not agree on some basic rules with respect to dealing with Communist countries. But they have been unable to accomplish that. And while the United States has gone along with her own concept of how to trade with Communist countries in Europe, many of our European allies of World War II have entered into extensive trade relations with the Eastern bloc. That is their right under international law.

But I shall not, as a U.S. Senator, pick out one of our friends and, by implication, try to tweak its nose for its own concept of how it will carry on its trade relations; and in that respect, I can only say to the Senator from Iowa that, having those views on the subject, I shall cast my vote against the amendment.

Mr. CASE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. CASE. I wish to thank the Senator from California for his calling a halt to precipitate action here. I feel, as the Senator from New York stated he felt, that we wanted to know what we were doing, and therefore we voted against the motion to table. I think this is a most useful thing.

Does the Senator feel that it makes a good deal of difference whether an expression of unhappiness is made by the Senate, or by any number of individual Senators as individuals?

Mr. KUCHEL. Well, surely.

Mr. CASE. Is not that one of the main points we are talking about?

Mr. KUCHEL. Indeed it is; and I must say in addition, Mr. President, I have no doubt that the official views of the Government of the United States, in a diplomatic fashion, have been transmitted to the Government of West Germany. That is another matter entirely. But to use this foreign aid bill for that kind of action is wrong, in my opinion.

Mr. CASE. I thank the Senator.

Mr. ERVIN. Mr. President, I have been concerned about the fact that ships bearing the flags of some of our allies are transporting into Haiphong, at this moment, munitions of war to be used by the Vietcong to kill Americans sent there by this Government.

Twice in my lifetime the United States has saved freedom for Western Europe. Since the Second World War ended, we have had hundreds of thousands of American boys over there on duty to protect our allies against any threat posed by Russia and other nations behind the Iron Curtain.

Every Senator knows that Red China is supplying the weapons, the munitions, and the encouragement which keeps North Vietnam and the Vietcong in the war against South Vietnam. This amendment says:

It is the sense of the Congress that the action of any government giving approval and financial backing to a deal under which an international consortium in West Europe would supply steel plants to Communist China, the chief supplier of war material to

North Vietnam and the Viet Cong, is a grave blow to the common defense of the free world and to the safety of American and allied troops in Vietnam.

Mr. President, that is the truth, and I do not mind the Senate of the United States telling the truth, even though it might cause umbrage to some of our allies, who are our allies in Western Europe, but are indirectly assisting our enemy in southeast Asia.

I support the amendment. This is the foreign aid bill, and I think it is well to serve notice on our so-called allies that we do not approve of conduct which is a blow to the common defense of the free world and to the safety of American and allied troops in Vietnam. And I do not mind the Senate saying that, because it is the truth.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. DOMINICK. I say to the Senator from North Carolina that I subscribe to what he says 100 percent. About a year ago, I brought up on the floor of the Senate, on two separate occasions, the problem we were having with our so-called allies shipping into North Vietnam and supplying them equipment and supplies, and I also brought up the fact that the Italians, at the present time, are financing the construction of the petrochemical plants in Communist China which supply the necessary oil, petroleum, and other things for the Chinese economy to sustain the war in Vietnam and southeast Asia.

I think it is time the Senate takes a position on this matter, and that we tell our allies we do not like it. Whether they listen or not makes no difference; but we can at least tell them we do not like it.

I shall support the amendment of the Senator from Virginia with great delight.

Mr. FULBRIGHT. Mr. President, the Senator from North Carolina has made some very strong statements which I certainly have never heard before. I do not know of any of our allies who are sending arms to North Vietnam.

Mr. ERVIN. Mr. President, if the Senator will yield for a correction, I did not say that.

Mr. FULBRIGHT. I understood the Senator to so state.

Mr. ERVIN. I said that ships bearing the flags of some of our allies are carrying weapons and munitions to Haiphong.

Mr. FULBRIGHT. From our allies?

Mr. ERVIN. I said ships carrying their flags.

Mr. FULBRIGHT. I thought the Senator meant our allies were furnishing the weapons.

Mr. ERVIN. I did not say that, but I would surmise, that the ships carrying the flags of some of our allies who are doing that are getting the weapons and munitions they transport to Haiphong from manufacturers in some of the countries which are supposed to be allied with us.

Mr. FULBRIGHT. I do not know about the ships. There are a number of ships chartered out of Hongkong to Chinese and other companies, that I have heard carry the Greek flag, among

others, but I do not know what they transport.

I do not believe any of our allies are supplying arms to North Vietnam. However, some of our allies do trade with Red China, it is true. One of the big traders is Australia, the prime minister of which country has been over here twice in the last month, engaged in the most intimate conversations with our President, and the newspapers indicated that the President was extremely appreciative of the support Australia is giving this country. I think they are furnishing or have promised to furnish 4,500 troops. But Australia has been selling large quantities of wheat to Red China.

The mill referred to, as I understand it, is a rolling mill, which will probably take 2 or 3 years to build. It is not an arms plant, according to the reports I have seen in the papers.

I suppose some believe that this war will go on forever and that maybe by the time we take Peking the plant will be finished and that therefore we might as well let it be built. I do not see that the amendment has any particular relevance in this aid bill.

Japan is one of the biggest suppliers to Red China—\$450 million a year. It is expected to be in the neighborhood of \$700 million or \$800 million. If we want to kick her in the teeth, we can do it. We can tell them all off. But it would be very unwise.

I do not see how everything that the Senator from North Carolina has said can be true because there are some very fuzzy points there as to who is supplying these arms and whether they are causing us great harm in the shipments that take place. I do not know.

I doubt very seriously that the Senator from North Carolina knows what the character of the trade by our allies is. It is well known, I think, that Russia and China are furnishing aid of all description, modern missiles as well as ordinary small arms, and all kinds of aid.

I do not know of any allies that are furnishing munitions or war weapons. It may be that surreptitiously and illegally they may be doing so. Recently somebody bought a cannon in Alexandria and took it to Canada and blew up a bank there. You can buy arms in Alexandria, and I expect you can ship them to Vietnam if you went to enough trouble to charter a ship and a big profit might be made.

That is not the point. This is an aid bill. The amendment does not restrict aid. It does not mention aid. It is an expression of disapproval of the action of practically every country that is important to us as allies.

Before the other Senators came in the Chamber, we mentioned that France and Italy are engaged as a part of this consortium. We also mentioned the deal of Fiat Co., of Italy with Russia, and Italy is participating in that as a kind of secondary contract to the main contract.

This gets very involved. This is not the proper place, in my opinion, for this statement. It would be a very disorderly way in which to do business. I think it would not do us any good.

I never anticipated that the great debate would take place on this amend-

ment. I thought it was fairly clear that we could bring up the matter and express our disapproval if we felt that way about the deal. However, it would be another thing for the Senate to vote formally to condemn these countries for an action which is, they believe, in their national interest.

I think that, while we are a very rich country, it does not automatically mean that we are the wisest country and have all the wisdom in the world because we are rich and powerful. I do not think we ought to assume that we know all of the answers. Some of these other countries may have valid reasons of their own for following the policies they follow.

If there is any solution to it, that solution is not in the making of gratuitous expressions of fact. The solution would be the use of wise diplomacy and policies adopted by the executive.

It was quite obvious that some of our allies, our former allies, and friends do not approve of all the policies that our country is following. And they have that privilege of disapproving of it.

The matter should be worked out by persuasion and reason, and not by a statement of this kind on the floor of the Senate.

MR. PASTORE. Mr. President, I am a cosponsor of the amendment, and I am not ashamed of the amendment. I am proud of it.

I have supported the administration on its policy in Vietnam. We must admit this afternoon that it is becoming harder and harder to convince the American people of our obligation to Vietnam, and why we are committed there, almost to the tune of 300,000 American boys, when the American people pick up the newspaper and read about a country on the other side of the world to which we are committing more than 200,000 American boys to guarantee their safety, what they read is that this other nation is giving aid and comfort to our Asiatic enemy by building a steel rolling mill which could make steel to make the casings for the bullets to put in the bodies of American boys—that is a possibility.

When the Soviets shut the autobahn, we had an airlift. A number of American boys died in the process. American men and money came down in flames in the burning planes.

Why did America do it? America did it because it wanted to guarantee the security of the German people. We made a sacrifice for that. We paid dearly in blood and money.

Psychologically what is this bill doing? What does it do for that boy who is trotting and trudging his way through the jungles of Vietnam. How does he feel when he picks up a newspaper when he gets back to his base and reads that our friends, who ought to be standing side by side with us in Vietnam, are not doing that. What are they doing? they are beginning to lend money to our adversaries at the moment—they would help those adversaries to build a steel mill to make sure that their industry becomes better and more powerful so that they can give more and more aid and comfort to North Vietnam. Months ago I warned

of this danger when I spoke on this subject before. We talk about taking a formal vote on our feelings in this Chamber this afternoon. Why, even the Secretary of State resented this transaction and said so publicly. Nothing ever came of it.

The Senator mentions that Italy is in the consortium, and maybe Switzerland, and maybe France.

What difference does it make? Does the Senator not think it is high time that we, who have understood everybody's problems, begin to say to our friends: "Please begin to understand our problems?"

We have problems for which we are dying in Vietnam.

That is all this amendment would state here this afternoon—our state of mind.

I know what will happen to the amendment if it is agreed to. It will be knocked out in conference. I know that, but why should the people on the other side of the Atlantic not know that we have problems in America? Do they not know that we are committed up to our ears in men and money in Vietnam? Do they not know that during this trying time when they commit these acts which psychologically give aid and comfort to the enemy, they do us irreparable harm?

That is all we are saying this afternoon, that this is hurting the American boys in Vietnam. This does endanger the lives and safety of our boys, and these acts are inimical to the American interest. Surely they are not to the advantage of America.

So, I say that the time for our continuing to be soft is over. I do not want to push anybody around, but let them stop pushing us around. That is all we are saying this afternoon.

The time has come when America must speak, when her toes are being stepped upon—and they are being stepped upon. If our friends on the other side of the Atlantic are interested in profits, and even to the detriment of American life, let us stand up and say what we think.

When last we discussed this mill I received a letter from the German Ambassador. I do not want to use any harsh language here this afternoon, but it was doubletalk at best.

All this malarkey and all this baloney about the claim that it is only a rolling mill. It is to roll what? Steel. Where does the steel go? It goes into guns. It goes into tanks. It goes into bullets. It goes into bombs. Where do you think the bombs will fall? Do you think they will be falling in Germany? Do you think they will be falling in Italy? Do you think they will be falling in France? No, they will be falling in South Vietnam where our boys are committed.

That is all this amendment is about. I am proud to be a cosponsor of the amendment, and I shall vote for it.

MR. MILLER. Mr. President, will the Senator yield?

MR. PASTORE. I yield.

MR. MILLER. Mr. President, the eloquent statement of the Senator is one with which I thoroughly agree except for one thing. If what the Senator says is so true—and I believe it is—then, why does the Senator say that this will be knocked out in conference?

If it is knocked out in conference, if what the Senator says is true, the conference report ought to be voted down.

Mr. PASTORE. Does the Senator know why the Senator from Rhode Island said that. The Senator has been here for 6 years, and I have been here for 16 years. That is the answer.

Mr. FULBRIGHT. Mr. President, I do not wish to prolong this debate long. I had not anticipated this. I only regret that the Senator has made the argument he did on this issue.

I do not see anything in this kind of issue that raises the entire question of the validity of our involvement in Vietnam, and yet the Senator has raised it in the manner in which he has discussed this particular issue. We have had much debate about our involvement in Vietnam, and I can only say that I believe the Senator is less than candid in saying that the other members of the community of nations are entitled to their views about the validity of our involvement in South Vietnam.

The intense manner in which the Senator discussed this evidenced to me that he has great concern about our involvement in South Vietnam, and I share his concern. I only wish that I could share with him the assurance that we are there for adequate reasons.

I do not believe that this is the proper time to start an argument about that. We have gone through those arguments before. The administration apparently has made up its mind as to how it will proceed there, and the matter has been settled.

However, I believe that it is unwise, because of differences that exist among nations, and within this country, about the war in Vietnam, for us to go out of our way in a foreign aid bill—where none of the countries involved in the amendment are to receive aid—to take this means of expressing our disapproval of, and in a sense a censuring of, practically all the allies we have.

There is no logical distinction between the steel mill, in my opinion, and feeding the Chinese. If the Chinese starve to death, they will not make any steel, and they will not cause us any harm. There is no logical difference between whether or not they are given a steel mill, which would not be finished for 2 or 3 years or longer, and giving them wheat now. There may be distinctions in trade in the different items, but they are not differences.

Those involved in the steel mill project simply disagree with us on a major policy. It seems to me they are entitled to disagree. We do not approve of many things they do.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. PASTORE. There is a big difference between giving food to people and helping them to build up their armament industry.

Furthermore, the Senator must realize that in the case we are protecting the security of Germany just as we help South Vietnam against aggression. We are committed in Germany. Our boys are there. When we said we would like to take 18,000 men out of Germany, a

remonstrance was made, a protest was made, to our Embassy. In other words, West Germany wants to keep us there to guarantee their security.

I shall not get into a debate on the Vietnam situation this afternoon. Whether we are there rightly or wrongly, we are there. The important thing is that we are there. And we are fighting there. Does the Senator believe that it is complimentary to us, and helpful to our security, for our so-called allies to assist the adversary? That is what they are doing.

One point we have been making right along is that we are attempting to make Hanoi understand that they cannot win. The minute a deal is entered into for the building of a steel mill for the people and the government that are furnishing Hanoi with bullets to kill our boys, does the Senator not think that that gives Hanoi encouragement? Does not the Senator believe that that makes Hanoi stand up more hopefully and fight more bitterly? And who are they fighting? Hanoi and its supporters? Are they not fighting our boys? And when they are stiffened up by these deals do they not hurt us; do they not threaten the security and the safety of our boys? Of course, they do.

There is no logical, sensible reason why they should have done this to us at this time. Even their own newspapers have condemned them. Even their own newspapers have published editorials declaring that the timing of this was bad. That proves that they think and worry about themselves alone.

We are not condemning anybody. We are not censuring anybody, only to let them know that their behavior bewilders us. We are merely saying that when they do this, they are hurting us. And what is wrong about saying that?

Mr. FULBRIGHT. In the first place, it will be quite a long time before this steel mill is completed and in operation.

Mr. PASTORE. I am talking about now. This is a buildup of Hanoi morale right now.

Mr. FULBRIGHT. Why does the Senator wish to put this in a policy rider on a foreign aid bill? We have prohibitions in the act and the bill that no aid shall be given to a country which is trading with Cuba, or to anyone trading with North Vietnam. I do not see why the Senator is picking out Germany, which is not receiving any aid and does not ask for any aid. In fact, we are asking her for aid to help support our troops, and I thoroughly approve of such aid. This, to me, seems to be the difference.

I go along with the Senator and say that I do not believe the Germans ought to build this plant. But I do not believe that this is the place to single them out for attack from the other countries involved in trade with China.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LONG of Louisiana. Is it not correct that we tolerate a great deal of difference of opinion in our own country? Many of us have differences about what we should do in Vietnam. But we have not voted a resolution to say we disapprove of someone's opinion.

Germany is one of our best friends, one of our best allies. Although we may differ with Germany, we differ a great deal more with France. If we are to pick out a country to find fault with because it does not agree with us on some matter, why not pick out some of the others—Japan, France, and perhaps a number of others—that we believe have proved somewhat ungrateful, who should have done more, who could have been more helpful?

It seems to me that in complaining about Germany, we would do better to complain about the fact that Germany has not done as much as we have done for the defense of their country, that they have not lived up to the commitment they have made under the NATO treaty. To me, that is a much more serious matter—their shortfalls in that regard—than this particular item, which, as the Senator has pointed out is of no immediate consequence to us.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. I would like to ask the majority whip this question: What is the administration stand on this action?

Mr. LONG of Louisiana. I point out that we wish this were not done. I believe that insofar as some diplomatic leverage is concerned, it is being made clear to Germany that this is the view the administration takes. That is my impression.

For the Senate to vote what amounts to a mild resolution of censure against the West German Republic does not make much sense to this Senator. Our allies are doing many things that we do not wish them to do. We have expressed ourselves to them, but I do not see resolutions here, for example, to condemn De Gaulle because he is still exploding atom bombs around the world, even though our country has entered into a treaty not to explode them and not to fill the atmosphere with radiation. The foreign aid bill contains nothing about that, even though we have done more for France than for Germany.

Mr. GRUENING. In other words, the administration's position is that this should better be left to diplomatic channels, through the executive branch. Is that what the Senator is saying?

Mr. LONG of Louisiana. That would be my impression. I cannot speak for the administration on this matter. I am not a member of the Committee on Foreign Relations. That is the impression I have gained.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. The Senator mentioned France. France is included in this modification. It is part of the consortium. The modification includes France. And what is wrong with that? It includes Italy. What is wrong with that? It might include Switzerland. What is wrong with that?

We are telling these people that we do not like such action. And why can we not tell them that?

Mr. LONG of Louisiana. When the Senator tells De Gaulle, "I do not like

you," he will say, "I do not like you, either."

Mr. PASTORE. That is his privilege. But the Senator should not forget that while our brothers and nephews and neighbors are in South Vietnam, we have an interest. We have an interest to speak out. When anyone does anything to injure their safety and to imperil their security, we have a duty, as Americans, to speak out. Whether it hurts their sensitivities or not, I care very little.

Mr. MUNDT. Mr. President, I wish to mention three points in connection with this discussion. I think that it would be tremendously important if all Senators would do as I have done and get a copy of the revised amendment and read it. I have been listening for 45 minutes to arguments that we should not censure France, Germany, or somebody else.

There is not the remotest word of censure in any way in the amendment. There is not a single syllable of criticism of any of these foreign countries.

It is the right and the duty of the Senate to advise and consent and it is time to do something besides consenting all the time. Here is an opportunity for Congress to advise, if we feel that way about it.

If we feel that it bad for our friends to provide military equipment to kill our boys, we should say so. If we feel the other way and defeat the amendment, we are inviting them to double the ante. We would be saying it is all right with us if they supply material to kill our boys; we are unconcerned. Either way we offer our advice.

I shall read the amendment, because I want the entire Senate to know there is no word of censure in it. I shall read it slowly: I want the Senate to understand it clearly.

It is the sense of the Congress that the action of any government—

Switzerland, Italy, France as the Senator from Rhode Island [Mr. PASTORE] pointed out, Germany, or any countries—

giving approval and financial backing to a deal under which an international consortium in West Europe would supply steel plants to Communist China, the chief supplier of war material to North Vietnam and the Viet Cong, is a grave blow—

I wish to repeat—

is a grave blow to the common defense of the free world.

Does anybody wish to vote no on the amendment and say this steel mill is not such a blow? If 1 plant hurts a little bit, then 10 plants would hurt more. Senators know it is a blow. Why be afraid to say it is a blow? You are going to face the administration, the country, and our fighters in Vietnam, and tell them what you think on this issue. Do you or do you not consider it a blow? The amendment concludes by stating:

and to the safety of American and allied troops in Vietnam.

Let us clear the atmosphere. There is not one word here of censure anywhere. The question is: Do you think it is a blow to the common defense when they

add additional steel mills in Communist China at a time when they are fighting us and killing our boys in Vietnam? Does it help or hurt the cause of freedom?

What do Senators think about the safety of allied troops in Vietnam? That is what you are voting on, and you have a right to do so. It is not an insult to anybody, nor is it criticism to say what you think, from the standpoint of our boys in Vietnam, to have new steel mills being built in Red China by our friends at a time the Red Chinese are providing the armaments to kill our fighting men in Vietnam.

The Senator from Rhode Island [Mr. PASTORE] made a persuasive speech, as he always does. There is the matter of the psychology which is involved. He stressed, and I wish to reemphasize, one point that some Senators may not have caught.

The policy of our administration in this war, as I understand it, is to get Hanoi to quit fighting. That is what we are trying to do. We are not asking for anybody's head, we are not asking for reparations, we are not asking for territory. We are trying to get Hanoi to quit killing people over there. They are killing them and waging war and we are trying to get them to quit.

Senators should ask themselves in good conscience before they vote: Is it going to help induce Hanoi to quit if the Senate votes its approval of the actions of Germany, France, Italy, Switzerland, and other countries who are helping to build steel mills in Red China?

If you were Ho Chi Minh what would you do with that? Would you not use it to propagandize your troops and propagandize your people? Would you not say, "Don't get discouraged. We have serious casualties, but give us time. Hang on; don't quit because even the Western friends of the United States have so little faith in the possibilities of its winning this war and achieving victory that they are beginning to build steel mills for the enemies of the United States in China."

That is the question we are going to vote on. Do not get confused on the issue. It has nothing to do with censorship, junior, senior, lateral, or horizontal. Censorship is not an issue.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. SIMPSON. Mr. President, I compliment the Senator on his stand and I wish to associate myself with the remarks of the Senator from Rhode Island [Mr. PASTORE].

I have not heard an adequate answer to the question raised by the proponents of the amendment this afternoon.

We are being told and we are being given old perennial promises that this bill is not the proper vehicle to which to attach an amendment such as this; that we should wait for another vehicle. Then it gets lost in the limbo of forgotten things, and that is the end of it.

I can only say that if the boys demand it, if the people back home demand it—and the people back home are demanding it—our consciences should not be so craven as not to stand up against this practice. We should stop it.

I saw this happen at Canberra, at the Interparliamentary Union, when the American delegates stood up against Russia and proved to the neutrals and our allies that we are no longer the paper tiger we have been described by Russia as being. We made some headway.

I shall vote for the amendment. I hope the Senate itself will sustain the amendment and its sponsors, because it is high time we take such proper action.

Mr. MUNDT. I thank the Senator from Wyoming for his contribution.

With regard to whether we should write or consider policy in this bill, Senators have only to read the first page. It begins:

Part I. Chapter 1—Policy.

This is the place. Now is the time. Senators can vote in any way they wish to. However, it is not correct to say they should not write policy. The very first part of the bill is entitled "Policy." The first chapter is the Policy chapter. We agreed to it in the Committee on Foreign Relations and brought it to the floor of the Senate, where I hope the entire Senate will accept it. It amends the previous policy declarations written into previous authorizations. This is the place to write policy declarations and we already have some in this authorization act.

If the Senate has any disposition at all to have a voice in the field of foreign policy; if we are Senators of full stature; we do not have to limit our contributions to exercising our "consent." Here is a chance to give our advice as to what we want to have written in the bill. Let us do it here and now.

Mr. MCINTYRE. Mr. President, I would like to lend my full support to the distinguished Senator from Virginia [Mr. BYRD] in his efforts to have a clear-cut vote on this sense of the Senate resolution concerning the proposed sale of steel fabricating plants to Communist China.

I have taken the floor of the Senate in the past to call Senators' attentions to the flagrant disregard of our national interest shown by the Department of State in resting content with feeble protests to our German and French allies concerning their support of this steel mill venture.

Last March, I spoke on the floor to express my dismay that nations professing friendship to the United States would lend their support to the sale of strategic production facilities which could be used to kill American soldiers. Since that time I have twice brought this matter to the Senate's attention, and each time received support for the contention that this transaction should be opposed by the full power of our Department of State.

Nevertheless, the Department of State, apparently feeling that its mandate from the American people is unclear, has continued to limit its efforts to prevent this sale to gentle diplomatic conversation over the tea, cookies, or cocktails of embassy parties in Bonn and Paris.

I hope that passage of the language suggested by the Senator from Virginia will make it clear to our diplomatic representatives and to the nations with which they deal that the people of the United States vehemently oppose this

transaction. We do not consider the supply of strategic plants capable of assisting in the killing of American soldiers as a "simple, routine commercial transaction."

I support this resolution now before the Senate. I hope that it will succeed in making it clear once and for all that the U.S. Senate does care about these steel mills. If this amendment does not accomplish its purpose, I believe that the Senate should take any additional steps necessary, including, if needed, the use of the appropriations power to reduce U.S. Government expenditures for all purposes, including military, in the European nations which are now permitting their own skills and resources to be diverted into the strategic goals of Communist China.

Mr. THURMOND. Mr. President, I hope the amendment will be adopted. It would be extremely unfortunate if it should not be agreed to. We are at war in Vietnam. Some people think we are over there to prevent the South Vietnamese from being taken over by North Vietnam. But there is only one reason for our being there, and that is to protect the national interest of the United States. It is to prevent Communist expansion. If the Communists take Vietnam, it is felt that they will soon take Laos, Cambodia, Thailand, Burma, perhaps Japan and the Philippines, and then Australia and New Zealand. If such expansion were to continue, the Communists could be on the beaches of Hawaii in a few years.

In my judgment, it is important that we win the war in Vietnam. More than 300,000 of our men are fighting there for that principle.

I see no objection to adopting a policy statement or expressing the opinion of the U.S. Government as to the calamitous effect of furnishing steel mills—to whom? Red China. Who is Red China? Red China is the chief nation which supplies the enemy. Without Red China, the war in Vietnam could not last 30 days. Red China is giving more than moral support; she is providing great armored support. She is furnishing whatever is necessary to North Vietnam and the Vietcong to win the war. After all, this war is another battle on the part of the Communists to accomplish their goal of world domination. We might as well realize that.

This is a war between the free world and the Communists. Red China is on the other side. Why should we not call on our allies not to help the enemy, the enemy who is helping to destroy the free world, including the United States?

Mr. President, I hope that the amendment will be adopted, that the word will not go out to our boys in Vietnam that the Senate has turned down an amendment that expresses our feeling about governments, who are supposed to be our allies, furnishing steel plants to Red China, which is our enemy. There is no question as to how Red China stands. Red China is an aggressor. Red China is responsible for this aggression. North Vietnam would not be down in South Vietnam today, and the Vietcong would

not be fighting today, if it were not for Red China. I can see no reason in the world why we should hesitate to adopt the amendment.

How many boys fighting in Vietnam today would oppose this amendment? Out of 300,000 boys, I dare say that 99 percent or more would favor adopting the amendment. They do not want a steel mill built in Red China, because they will be the ones to feel the bullets, the armor, and all the rest of it which will come from that steel mill.

How can we enjoy our freedom back here, being supported by those boys in Vietnam who are protecting our freedom and liberty by fighting for us? How can we do anything except give them 100 percent support?

I hope that the Byrd amendment will be adopted, and adopted overwhelmingly.

Mr. MANSFIELD. Mr. President, I do not agree with the distinguished Senator from South Carolina in his interpretation of what has been called from time to time the domino theory. He seems to have the idea that the Communists—if given enough time—are going to fight us on the shores of Hawaii and the United States. He seems to think that all of Asia—if the amendment is not adopted—will fall to Communist China.

I would point out that there is no aid in this bill for West Germany. I would also point out that the Federal Republic of Germany is a sovereign power and has the right to make its own choice, just as any other country has, as to whether it will trade with mainland China.

There is only one major country that I know of—and that is our own—which does not, by law, allow trade with Communist China. It is my understanding that this rolling mill—not a steel mill, as I interpret it—will take some years to build. It is my further understanding that not only are West Germans involved in this, with the approval of their government, but also some other of our Western European allies as well.

I would hope that the Senate, before it votes, would give the most serious consideration to this responsibility which it is taking unto itself. And I would further hope that it would recognize, regardless of our own feelings in the matter, that other countries are sovereign states and have the right to dictate what their foreign and economic policy will be, just as we have the right insofar as we are a sovereign state.

Mr. JAVITS. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I should like to ask the Senator a question which perhaps he or the Senator from Virginia could answer himself.

There is an organization of Western, industrialized nations called the Coordinating Committee or Cocom which deals with the question of shipping strategic materials to Communist countries. We belong to it and so does the Federal Republic of Germany. I think it is an essential element of this debate that it should be clear of record whether there is any legal prohibition, by virtue of membership in that particular Commit-

tee, on the Federal Republic of Germany to authorize this transaction.

Would the Senator from Montana be aware of that, or could the Senator from Virginia answer it?

Mr. MANSFIELD. I know of no prohibition. I do know that the German Government talked this matter over very thoroughly with the U.S. Government in stages. West Germany indicated to Washington what it intended to do. I believe, furthermore, that insofar as this particular rolling plant is concerned, it will take a number of years to build.

Mr. JAVITS. I thank the Senator from Montana.

I wonder whether the Senator from Virginia could enlighten us? Has he studied the question on this point?

Mr. BYRD of Virginia. I would say to the Senator from New York that according to a communication from Douglas MacArthur II, Assistant Secretary of State for Congressional Relations, he says:

There is no allied agreement which would prohibit the sale or the guarantee of credits for the sale of this equipment to Communist China.

Mr. JAVITS. I thank the Senator very much.

Mr. McGOVERN. Mr. President, it seems to me it is made quite clear from debate on the Senate floor, thus far, that this extremely complicated and complex matter raises a good many foreign policy questions. The Senator from Louisiana raised some of those questions. The distinguished majority leader has raised some fundamental questions about the implications of this move, as has the distinguished minority whip, and the chairman of the Committee on Foreign Relations. There are all kinds of questions which it is difficult to appraise quickly on the Senate floor. The chairman of the committee and the Senator in charge of the bill told me a moment ago that no hearings had been held on this matter whatsoever in the committee. The fact is—

Mr. BYRD of Virginia. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I yield.

Mr. BYRD of Virginia. Have committee hearings been held on all of the other amendments to this bill?

Mr. McGOVERN. No. I am not justifying some of the previous actions. I am just making the point that this is quite a far-reaching problem before the Senate. This is obvious from listening to the debate. Many Senators feel that this is not in the national interest. It seems to me that after more complete consideration, the proposal should be modified in some way. Perhaps a country making wheat available to Red China, as the Senator from Arkansas has stated, is just as much subject to criticism as the government of West Germany. It is difficult to answer those questions. But a few days ago the Senate, by a rather large margin, went on record as favoring referral of the bill relating to the CIA to the Armed Services Committee, apparently on the assumption that that committee, which has a great interest in

the measure, had not looked at it and had no opportunity to examine into it. It is clear that this is a measure that falls within the jurisdiction of the Committee on Foreign Relations.

It may even have some implications for the Committee on Commerce because it is not really an AID matter. It relates to the question of trade and commerce. It seems to be irrelevant to the bill now before the Senate.

Thus, Mr. President, because of all these considerations, and without in any way trying to prejudice the case, I move at this time that the amendment be indefinitely postponed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Dakota that the amendment of the Senator from Virginia, as modified, be indefinitely postponed.

Mr. BYRD of Virginia. Mr. President—

Mr. McGOVERN. Mr. President, on that question, I ask for the yeas and nays.

Mr. BYRD of Virginia. Mr. President—

Mr. MANSFIELD. Mr. President, was that a unanimous-consent request?

Mr. McGOVERN. No; a motion.

The PRESIDING OFFICER. A motion by the Senator from South Dakota, the Chair advises the Senator from Montana.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota withhold his motion so that the Senator from Virginia may be recognized?

Mr. McGOVERN. I will.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia. The motion will be temporarily withheld.

Mr. BYRD of Virginia. Mr. President, I want briefly to mention several points which have been raised today by the opposition.

One is the question of adding this amendment to the present Senate bill, S. 3584.

I submit that the bill itself, S. 3584, starts out with a statement of policy. The amendment which I present would be an additional statement of policy.

Now the point has been made that West Germany and several other European countries which have been mentioned are not now receiving foreign aid so that the amendment should not be incorporated into a foreign aid bill.

First. I think, since it does start out as a statement of policy, it is perfectly all right to add another statement of policy to it.

Second. West Germany, France, and Belgium have received \$18½ billion in U.S. foreign aid in recent years.

The point has been made also that because some countries permit trading by their private firms to send wheat to some countries, we should not adopt this amendment, pointing out what a steel plant will do when sent to Communist China.

I do not think there is any similarity between sending wheat to people who are starving, or permitting trading in wheat, and the guaranteeing by a government

the sending of a steel plant to a nation which is the major supplier of weapons which are killing Americans in South Vietnam.

All this amendment does is to say that any government that gives official approval and financial backing—I am not speaking of private firms; I am not speaking of individuals trading as individuals in a country—to any nation, and gives official and financial backing to a plan to build steel plants in Communist China, which is the chief supplier of war materiel to North Vietnam and the Vietcong, “is a grave blow to the common defense of the free world and to the safety of American troops in Vietnam.”

I do not see how there can be a great dispute on those points.

Why in the world cannot the Senate of the United States pass a point of view on the official action of a government of a nation when the action of that nation jeopardizes the lives of Americans who have been drafted and sent to Southeast Asia to fight against communism?

I hope the Senate will see fit to vote today on this amendment.

This point was raised by the Senator from Rhode Island [Mr. PASTORE] 4 months ago, along with the Senator from Virginia. Four months ago attention was called to this deal, and no action has been taken by Congress, and little, or no action, has been taken otherwise. It seems to me time for the Senate or the Congress of the United States to speak loud and clear on a matter which I believe is of grave consequence to the men whom we have drafted to go to South Vietnam, particularly so when we have drafted others and sent them to West Germany and Western Europe to protect those nations from Soviet aggression.

Mr. MANSFIELD obtained the floor.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from New Jersey.

Mr. CASE. Mr. President, I voted against the motion to table because I thought we ought to talk about it a little more. I have come to the conclusion that I shall not support the amendment. I say this as one who happens to agree with the feeling of the Senator from Rhode Island about that particular matter. I say it as one who thinks it is a most unfortunate, almost unfriendly, act, so far as this country and its personnel in Vietnam are concerned, but, nevertheless, believe that action by the Congress, officially taken on a bill of this nature, would do more harm than good.

I think this is what we really should be thinking about, not whether we approve or disapprove of the furnishing of a rolling mill to Communist China, but whether the action proposed in this amendment would have the effect we want it to have, or would be merely an expression of indignation on our part.

I shall express again my complete disapproval of and indignation over the action taken by the consortium, and at the same time vote against the amendment, the adoption of which would be unwise and undesirable.

Mr. MANSFIELD. Mr. President, I

yield to the Senator from Louisiana [Mr. LONG].

Mr. LONG of Louisiana. Mr. President, it seems to me we make a poor case before the world when we undertake to slap on the wrist our friends and allies, who perhaps are not allies of ours in Vietnam, but who are our allies elsewhere.

France has withdrawn from the North Atlantic Treaty Organization. One of the principal reasons for the withdrawal of the French Government, headed by Mr. De Gaulle, is that she fears we may draw France into a nuclear conflict by some of our policies, when they prefer different policies.

France was defeated in Vietnam. She took that defeat and moved out. France thinks we ought to accept defeat and move out of Vietnam.

When we start condemning France, even though it is a mild rebuke, it seems to me we are inviting the French Parliament to condemn our action. We invite them to pass judgment on something we are doing. They may have something to say to the effect that it is this country which is endangering the peace of the world, and not Red China. It invites our other allies, such as Italy, to say we are wrong in what we are doing.

When friends fall out and have a misunderstanding, the thing to do is to get together and talk it over and try to arrive at an understanding of each other's point of view.

The people against whom this amendment is directed are friends and allies who, under other circumstances, would conduct themselves in ways of which we approve. To pick out one action by them, and adopt a resolution against it would be a mistake.

I am sure some of our allies could say to us, “Why do you disapprove of our doing business with Red China?” Did you not trade wheat for gold with Russia? Did not your government get in on the transaction to provide credit? Who are you to tell us we should not trade with Red China when you traded with Russia?”

I do not approve of Canada wheat sale, which I understand was the biggest sale ever made with Red China. Yet Canada thinks it is good business. I would be happy for the officials of our country to talk to the Canadian officials, but I do not see how we help ourselves with this amendment, when this matter was not discussed before the Foreign Relations Committee, and when it could better be discussed among friends and allies, to try to arrive at an understanding of each other's viewpoint, rather than have the Senate condemn our allies. This matter was not discussed in the committee and it has not been presented in any other way. It seems to me it will make for misunderstanding rather than understanding.

I know of nothing that the Communists want more at this time, whether it be the Chinese Communists, the Russian Communists, or the Vietnamese Communists, than to see us fall out with our allies and our friends all over the world by undertaking to judge their conduct rather than seeking to work out with

them an understanding, and gain the utmost cooperation that might be forthcoming under better circumstances.

Mr. MANSFIELD. Mr. President, I yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, for the reasons expressed by the Senator from Louisiana, and because of other questions and issues that have been raised here on the floor of the Senate, I renew my motion.

I ask unanimous consent that the names of the following Senators be added as cosponsors of this motion: the Senator from New York [Mr. JAVITS], the Senator from Maine [Mr. MUSKIE], the Senator from Wyoming [Mr. McGEE], the Senator from New Jersey [Mr. CASE], and the Senator from Ohio [Mr. YOUNG].

The PRESIDING OFFICER. Without objection, it is so ordered. Does the Senator renew his motion?

Mr. McGOVERN. I renew the motion, and ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Dakota. On this question, the yeas and the nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD] is necessarily absent.

I further announce that, if present and voting, the Senator from Ohio [Mr. LAUSCHE] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present, and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The result was announced—yeas 34, nays 55, as follows:

[No. 156 Leg.]

YEAS—34

Aiken	Javits	Muskie
Anderson	Kennedy, Mass.	Neuberger
Bartlett	Kennedy, N.Y.	Pell
Case	Kuchel	Saltonstall
Church	Long, La.	Scott
Clark	Mansfield	Smathers
Fulbright	McCarthy	Smith
Gore	McGee	Tydings
Gruening	McGovern	Yarborough
Hart	Monroney	Young, Ohio
Holland	Morse	
Inouye	Moss	

NAYS—55

Bennett	Byrd, Va.	Curtis
Bible	Byrd, W. Va.	Dirksen
Boggs	Cannon	Dominick
Brewster	Cooper	Douglas
Burdick	Cotton	Eastland

Ellender
Ervin
Fannin
Fong
Griffin
Harris
Hartke
Hickenlooper
Hill
Hruska
Jackson
Jordan, N.C.
Jordan, Idaho
Long, Mo.

Magnuson
McIntyre
Miller
Mondale
Montoya
Mundt
Murphy
Nelson
Pastore
Prouty
Proxmire
Randolph
Ribicoff
Robertson

Russell, S.C.
Russell, Ga.
Simpson
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.

Long, La.
Mansfield
McCarthy
McGee
McGovern
Monroney

Morse
Moss
Muskie
Neuberger
Pell
Saltonstall

Scott
Smathers
Smith
Tydings
Williams, N.J.
Young, Ohio

NOT VOTING—11

Allott
Bass
Bayh
Carlson

Dodd
Hayden
Lausche
McClellan

Metcalf
Morton
Pearson

NOT VOTING—11

Allott
Bass
Bayh
Carlson

Dodd
Hayden
Lausche
McClellan

Metcalf
Morton
Pearson

So Mr. McGOVERN's motion was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Virginia [Mr. BYRD]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD] is necessarily absent.

I further announce that, if present and voting, the Senator from Ohio [Mr. LAUSCHE], and the Senator from Connecticut [Mr. DODD] would each vote "Yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON] and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 56, nays 33, as follows:

[No. 157 Leg.]

YEAS—56

Anderson	Griffin	Pastore
Bennett	Harris	Prouty
Bible	Hartke	Proxmire
Boggs	Hickenlooper	Randolph
Brewster	Hill	Ribicoff
Burdick	Holland	Robertson
Byrd, Va.	Hruska	Russell, S.C.
Byrd, W. Va.	Jackson	Russell, Ga.
Cannon	Jordan, N.C.	Simpson
Cooper	Jordan, Idaho	Sparkman
Cotton	Long, Mo.	Stennis
Curtis	Magnuson	Symington
Dominick	McIntyre	Talmadge
Douglas	Miller	Thurmond
Eastland	Mondale	Tower
Ellender	Montoya	Williams, Del.
Ervin	Mundt	Yarborough
Fannin	Murphy	Young, N. Dak.
Fong	Nelson	

NAYS—33

Aiken	Dirksen	Inouye
Bartlett	Fulbright	Javits
Case	Gore	Kennedy, Mass.
Church	Gruening	Kennedy, N.Y.
Clark	Hart	Kuchel

So the amendment, as modified, of Mr. BYRD of Virginia was agreed to.

Mr. BYRD of Virginia. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ERVIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The bill is open to further amendment.

TRANSCRIPT OF THE PROCEEDINGS OF THE SENATE IN SECRET SESSION

Mr. MANSFIELD. Mr. President, in accord with Senate resolutions, the transcript of the recent secret session of the Senate has been made available to the chairmen of certain committees as well as to individual Senators who participated in the debate. The offices of all Senators who, under the Senate resolutions, have the right of access to this transcript have been notified of its availability.

I wish to announce today that the transcript, as adjusted, will go to the Printer on Wednesday afternoon, July 27, 1966. Any Senator who has the right of access to the transcript and who desires to exercise it should do so in room S-208 prior to noon on Wednesday. At that time as adjusted, the transcript, will be sent to the Printer for publication.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3534) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. KENNEDY of New York. Mr. President, I send to the desk the modified form of amendment No. 704. Section (c) is the only part of the amendment offered yesterday that has been modified, and I ask that that section be read.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. As modified, section (c), beginning on page 4, line 3, reads as follows:

The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in economic and social development.

Mr. KENNEDY of New York. Mr. President, there was some discussion about this amendment yesterday afternoon. There were some objections raised by various Senators.

I have discussed the change made in section (c) with the distinguished Senator from Oregon [Mr. MORSE]. I have

discussed it in depth and at length with the Senator from South Dakota [Mr. MUNDT], who is a cosponsor of the amendment. I have also received the approval for the change from our cosponsors, the Senator from Pennsylvania [Mr. CLARK] and the Senator from South Dakota [Mr. MCGOVERN]. It has also been discussed with the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT], as well as the majority and minority leaders.

I believe that the amendment is acceptable to all the Senators I have mentioned.

Mr. ELLENDER. Mr. President, I request that the amendment be read in full.

The PRESIDING OFFICER. The clerk will read the amendment in full.

The legislative clerk read as follows:

On page 21, after line 7, add the following:

"CHAPTER 3—RE STUDY

"SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The President is requested to submit to the Congress, on or before January 1, 1968, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 302.

"SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or after July 1, 1968, such proposals should include, among others, the following categories:

"(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

"(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

"(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

"(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

"(b) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) shall also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

"(c) The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in economic and social development.

"SEC. 303. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the "Committee") which shall consist of twelve members, no more than seven of whom shall be members of the same political party, to be selected as follows:

"(1) Four members to be appointed by the President from private life, none of whom shall have served at an executive level in the administration of the AID program in Washington;

"(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

"(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives.

The Committee shall select a Chairman and Vice Chairman from among its members.

"(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals referred to in section 302(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

"(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals.

"(d) Members of the Committee appointed under subsection (a) (1) who are not otherwise employed by the United States shall be paid compensation at the rate of \$100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

"(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

"(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its recommendations, and shall file its final report on or before September 1, 1967. Upon

the filing of its final report, the Committee shall cease to exist.

"(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of \$400,000, as the Committee deems necessary to enable it to carry out its functions."

The PRESIDING OFFICER. The question is on the amendment as modified.

Mr. DOMINICK. Mr. President, I rise to ask the distinguished Senator from New York [Mr. KENNEDY] a question with regard to subsection (c) on page 3.

It is my understanding from the reading by the clerk that this is totally different language than appears in printed amendment No. 704. Is that correct?

Mr. KENNEDY of New York. I do not believe it is totally different. There is a difference in language. There are six or seven lines in the beginning that were struck out, and the last four or five lines are substantially the same.

Mr. DOMINICK. I was concerned with the wording under amendment No. 704. I would like to know what difference it makes.

Mr. MUNDT. Mr. President, will the Senator yield on that point?

Mr. KENNEDY of New York. I yield.

Mr. MUNDT. The Senator heard the discussion of the minority leader today, as I did. The section was changed—I think the Senator from New York [Mr. KENNEDY] will confirm this to be satisfactory to the objections raised by the minority leader. The portions he discussed have been stricken.

Mr. DOMINICK. I thank the Senator from South Dakota.

I would like to know what the wording is at the present time.

Mr. MUNDT. Mr. President, I ask that the clerk read the language.

Mr. FULBRIGHT. Mr. President, it was just read in full.

Mr. MANSFIELD. Mr. President, I ask that the clerk read section (c) of amendment No. 704, beginning on page 3, line 18.

The PRESIDING OFFICER. Section (c) will be read again.

Has the Senator from New York modified his amendment accordingly?

Mr. KENNEDY of New York. That is correct.

The PRESIDING OFFICER. Will the Senator please give to the clerk the amendment as he has modified it, so that the clerk may read it?

The legislative clerk read as follows:

The proposals referred to in subsection (a) should include an analysis of the role that economic assistance by the United States and other developed nations can play in economic and social development through foreign aid.

Mr. DOMINICK. That is the whole of the subsection?

Mr. FULBRIGHT. That is all.

Mr. MUNDT. The rest has been stricken.

Mr. GRUENING. Mr. President, I should like to ask a question of the Senator from New York. On page 2, paragraph 2, the modified amendment reads:

(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward re-

spect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

I heartily applaud that provision, but I wonder whether it is not a little indefinite leaving it the way it is—"in which progress is being made toward"—I believe it would be almost impossible to get any country to admit that progress is not being made.

I would therefore like to make the suggestion and wonder whether the Senator would accept it in his amendment, to substitute in lieu of the words "in which progress is being made toward," the words "which exhibit," so that it would read, "only to countries which exhibit respect for the rule of law, freedom of expression and of the press."

In other words, to say, "in which progress is being made toward" in a field so large, is so vague and may prove so controversial that I think it would not mean much; but if we say, "only to countries which exhibit respect for the rule of law, freedom of expression and of the press," then I think we would be nailing it down more specifically to the certain objective which the Senator obviously desires, and which I agree to be desirable.

Mr. KENNEDY of New York. All this amendment does would be to establish a commission to look into this matter, which would report back to the Senate. It was therefore felt that with that broader language, it could perhaps accomplish a good deal more. I have no strong objection to the Senator's suggestion. I say that what we are trying to do is to establish a commission that will come up with reports, suggestions, and recommendations on this basis.

Mr. GRUENING. Nevertheless, it seems to me there has been so much ambiguity and evasions in the foreign aid program, that I strongly favor being as specific as possible. It is important that we try, in connection with the aid we hand out, to try to uphold the rule of law, freedom of expression, and of the press in the recipient countries and I therefore think that if the Senator would agree to my suggestion I feel we would come closer to achieving the objective a little more definitely than by simply saying, "in which progress is being made toward." I cannot imagine any country finding that progress is not being made. That is my suggestion and I hope that the Senator will accept it in his amendment.

Mr. KENNEDY of New York. Inasmuch as the Senator feels strongly about it, I would say that really is a good point, but the commission would look into it anyway, itself; it would look at this current debate in the Senate, and reach an agreement as to what it might recommend to the Senate. I think that the language already in the amendment covers that matter satisfactorily. I do not feel that strongly about it.

Mr. GRUENING. If the Senator has no objection, I should like to move that the suggestion be incorporated into his amendment.

Mr. MUNDT. Would the Senator identify the amendment for us, please?

Mr. GRUENING. It is on line 16, on page 2 of the Senator's amendment, I

suggest striking out the words "in which progress is being made," and substituting "extended only to countries which exhibit respect for the rule of law, freedom of expression, and of the press," and so forth.

The PRESIDING OFFICER. Does the Senator from South Dakota have any objection?

Mr. MUNDT. I do not believe it makes any difference.

Mr. KENNEDY of New York. If it makes the Senator from Alaska any happier, I think that we should accept it.

Mr. GRUENING. I thank my colleague from New York.

The PRESIDING OFFICER. Does the Senator from New York modify his amendment accordingly?

Mr. KENNEDY of New York. Yes.

The PRESIDING OFFICER. The clerk will take note of the change in the amendment.

Mr. ELLENDER. Mr. President, I should like to address a few questions to the Senator from New York. I notice on page 2 of his amendment, among the categories to be looked into by this board is specifically mentioned title II of the Agricultural Trade Development and Assistance Act of 1954, as amended—that is the surplus program.

Mr. KENNEDY of New York. Yes; the Senator is correct.

Mr. ELLENDER. Why limit this to title II?

Mr. KENNEDY of New York. Because that is a small percentage of the whole effort made in this field by the food for peace, and the food for freedom, which we discussed yesterday. It was felt that if the Committee on Foreign Relations had the responsibility in the aid program, we would concentrate on the aid program and not try to cover all the other areas, although we were going to take them into consideration, as I mentioned yesterday.

Mr. ELLENDER. They are all under one AID program. Food and fiber has been made available to the countries we are assisting under the AID program. Food for peace, as well as food for freedom supplements the AID program covered in the pending bill.

Mr. KENNEDY of New York. That is correct; \$1.6 billion, I believe, this year.

Mr. ELLENDER. Yes. I wish to point out to the Senator that during fiscal year 1964 we made available \$1.7 billion for the food-for-peace program. In 1965, we made available \$1.7 billion and in 1966, \$1.7 billion. In 1967, it is contemplated that we will make available \$1.6 billion.

Now, why does not the Senator include in this study all titles of the Food for Freedom Act? Why confine the study to title II only? Why limit the study of the committee?

Mr. KENNEDY of New York. Let me say to the Senator from Louisiana that the part of the program which has raised the greatest controversy and the part which has been debated so strenuously on the floor of the Senate this year, and every year, has been the foreign aid bill program. Obviously, the committee is going to take into consideration that we are making this other effort; but it is

a fact that what causes the greatest difficulty, on which Senators feel most strongly, and where there is the greatest opposition, is that part of the program that we have described in this amendment. It is the Foreign Relations Committee—split as it is, with all sides feeling as strongly as they do—which, if we are to have an adequate and sufficient foreign aid program, we must support it. It was for that reason that the concentration of effort was made in this particular field.

There are other committees which have jurisdiction over the other aspects of the program and it was felt that we should not go into all those at this time.

Mr. ELLENDER. It is not as much a question of jurisdiction as it is finding out what is encompassed in foreign aid. The Senator argued here a few days ago that we should make available at least 1 percent of our gross national product, or a figure approximating that sum.

Mr. KENNEDY of New York. Could I interrupt the Senator there by pointing out that, of course, this did not originate with me. The original statement was made under President Eisenhower to the United Nations in 1960. And it has been repeated by various Presidents since then.

Mr. ELLENDER. Yes, but it has been repeated by the Senator, and of course he believes it?

Mr. KENNEDY of New York. Exactly.

Mr. ELLENDER. I want to point out to my good friend from New York that in fiscal year 1964, aside from the money that was made available in economic aid which was \$2 billion, and military aid, which amounted to \$1 billion, there must be added food for peace, and the various programs of loans under IMF, IDA, and IDB, which when aggregated total \$4.8 billion.

For 1965, the amount made available for military and economic aid, food for peace, and the various loans made by banks, our total effort was \$5.6 billion.

In fiscal year 1966, the fiscal year ending last June, even though the President stated the amount he asked for was a "bare bones" request of \$3.4 billion, the aggregate amount of assistance totaled \$7.5 billion, or a little more than 1 percent of the inflated GNP of the second quarter of 1966 which at an annual rate was \$732 billion.

For the current fiscal year, if the sums authorized are eventually appropriated, total foreign assistance will be in excess of \$6 billion, of course, this would include supplemental requests that may be forthcoming if the Vietnam matter is not brought to a conclusion.

I am wondering why the study by the Commission, should not be comprehensive instead of restrictive, as the amendment contemplates. Why not have the Commission study every facet of aid and look into every spigot before it comes to a conclusion?

Mr. KENNEDY of New York. As I think I tried to answer, perhaps not completely satisfactorily, this was the part of the program which caused great controversy. We thought therefore that the Commission will concentrate here. Of course it would be aware and would

take into consideration what was being done in the other fields. But the pending amendment relates to the foreign aid program which we have been discussing in the past week to see if there could not be a new approach to a program over which there has been controversy in the Senate, and through the country.

I would have no objection to expanding the Commission along the lines suggested. There might be difficulty created because of the jurisdiction of other committees. The proposal is limited to this particular situation. We are keeping it limited. If as a result we come up with suggestions or recommendations, I think the country will benefit.

Mr. ELLENDER. Does the Senator concede—

Mr. KENNEDY of New York. The Senator from Louisiana and I have had discussions over the last few days about this, so I concede the figures.

Mr. ELLENDER. Does not the Senator think it is as important to look into the other aspects of foreign aid rather than solely dealing with the assistance embraced in the pending measure.

Mr. KENNEDY of New York. I think it is important. This is a more restrictive study. We thought it well, under the circumstances, to limit it to the area over which there has been the greatest controversy, and that it would be well to make a study of it and come up with some recommendations. Perhaps we might be able to expand the Commission.

Mr. ELLENDER. If the Senator will look at the debate, he will find we raised the issue with respect to the funding for 1965, the increase in the quota in the International Monetary Fund to \$1,031 million. That is certainly important. That involves dollars.

Mr. KENNEDY of New York. I agree.

Mr. ELLENDER. The first installment on the \$750 million commitment we have to provide funds for the Fund for Special Operations of the Inter-American Development Bank is \$250 million. That also is foreign aid and should be included in the study. It would seem to me that our contributions to international organizations must be looked into if the Commission is to do the proper job.

The PRESIDING OFFICER. There will be order in the Senate. Visitors in the galleries will please be quiet. Senators who desire to converse will please retire from the Chamber.

The Senator from Louisiana may proceed.

Mr. ELLENDER. In addition to the items I have just mentioned, in fiscal year 1966 Congress appropriated \$205,880,000 for the second and final installment to the callable capital of the Inter-American Development Bank.

We also appropriated as our second installment of \$250 million for the Fund for Special Operations of this same Bank and then we provided for another installment to the International Development Association, IDA, of \$104 million.

In addition to all that, Mr. President, in the supplemental appropriation bill that was passed this year, we provided another \$715 million for foreign aid.

Whenever any Senator states on this floor that we have been niggardly with our foreign aid, as has been stated during

this debate several times, I think he is misinformed.

I repeat that, although we made an initial appropriation of only \$3.3 billion for fiscal year 1966, we finally ended up with a foreign aid program totaling \$7,594,500,000. I repeat, because I feel strongly that emphasis is required, it seems to me that the Commission should examine every facet of aid that we are dealing with and make any criticisms it desires to make about them.

It would seem to me that the Commission should also go into what our allies are doing and what the other rich nations of the world are doing, but that is not covered by the pending amendment.

As I have pointed out, many nations have made money available.

In 1961, foreign aid furnished to the developing nations of the world by the Federal Republic of Germany amounted to \$600 million. In 1964 aid furnished by the West Germans had declined to \$460 million, a decrease of \$140 million or 23.3 percent.

According to information furnished the Congress by the Agency for International Development, the high point in assistance supplied by the Federal Republic of Germany was reached in 1961. Since that time this aid has been on the decline and in 1964 was less than one-half of 1 percent of the gross national product of the Republic. It is expected that the amount of aid furnished the developing nations by West Germany will decline further in 1965 and in future years.

In 1962, French assistance to developing nations amounted to almost \$1 billion and approximated 1.3 percent of the French GNP. This aid has declined since then and in 1964 aggregated about \$840 million, or a reduction of approximately \$160 million since 1962. This decrease stated in terms of a percentage reduction amounts to 16 percent.

Total assistance provided by Japan in 1964 amounted to \$180 million, which is less than one-fourth of 1 percent of its GNP. Roughly one-third of Japanese assistance is in the form of indemnification and reparation payments. Most of the remainder of the assistance supplied by the Japanese is in the form of loans with maturities of between 5 and 10 years at average rates of interest of about 6 percent. Furthermore, as is pointed out in the aforementioned justifications, Japanese assistance is used largely to promote Japan's exports in the areas where its trade is concentrated, namely in south Asia and the Far East, which areas receive almost all of the Japanese aid.

It strikes me that the commission should be specifically charged with the duty of ascertaining what other nations are giving aid. I do not believe this proposal spells it out specifically, and in my opinion, I feel we have been too soft with our friends across the seas.

Mr. President, I have hoped that at some time in the future we might be able to end this foreign aid. In this connection I believe there should be included in the amendment a timetable, to let the commission look into the matter and make a determination as to how long they think that foreign aid, as it

has been going on for the last 19 years, should proceed. It seems to me that we have put up more than our share in this effort, and it strikes me that if a good job is to be done, we should have the commission come up with a conclusion as to a termination date for foreign assistance as we know it today.

Mr. JAVITS. Mr. President, I must go to another committee meeting, but I wish to affirm my support of the amendment offered by my colleague from New York. I have been present while it has gone through the various stages of debate and modification. I think fundamentally it seeks to approach our problems with intelligence and planning. Though many may not like that word, it is absolutely essential. In our modern day, considering the diversity of the effort and of the problems involved, and the number of constituent elements represented. I think it is a worthy effort to join the Congress with the President in advance planning for the foreign aid program.

No matter how some may delude themselves as to the proposition that foreign aid will be over shortly, it will not. I have been in Congress since 1948, and have voted on foreign aid every one of those 18 years, with the exception of two when I was attorney general. We do not know when it will end. We only know it will continue as long as the need persists. Instead of kidding ourselves, and doing it on an annual basis, there have been many efforts to put our planning on a long-range basis.

I have tried, for example, in the matter of private enterprise participation in foreign aid, to proceed in much this way. In fact, we have an amendment to this bill in the Senate which was adopted and which would do precisely that as far as private enterprise is concerned. The junior Senator from New York, my colleague, is trying to put the planning on an overall basis. I think it is a most estimable effort, and I hope very much the Senate will support him in it, and that it will be seen for what it is, an effort to accept reality and to put the future planning of our foreign aid efforts on a sound and continuing basis.

Mr. FULBRIGHT. Mr. President, I am perfectly willing to take this amendment as it is, if the Senate is willing to allow me to make it, because I believe we have now reached general agreement.

Mr. HRUSKA. Mr. President, if the Senator will permit me, it is my intention to ask for the yeas and nays on the amendment, and I do so now ask.

Mr. FULBRIGHT. That is all right. The yeas and nays were ordered.

Mr. HRUSKA. Mr. President, it is not my intention to vote for this amendment. In my own experience over the last 12 or 14 years, I think this will represent the fourth or fifth special study by a special commission for this special purpose. Perhaps some good might come of it; I do not know. Certainly it amounts to almost a plea by the Senate, saying that the committees charged with servicing and making reports as to authorization bills and appropriation bills are not capable of undertaking and doing the very things that are embraced in the pending amendment.

I make this further observation: Here we propose a study commission to consist exclusively of members of one committee of the Senate; and yet inherently, and in a broad and a very deep way, there are at least two very extensive fields that this amendment gets into and contemplates besides that of foreign relations. One of those fields is appropriations, and the other is the military, the field of the Armed Services Committee, because there are embraced in the amendment an assessment, a study, investigation, and recommendations with reference to military assistance in the role of foreign aid.

Mr. SALTONSTALL. I simply call to the Senator's attention, and also to the attention of the Senator from New York, whose amendment this is, that on the original military assistance bill, when it was before us for the first time, the Foreign Relations Committee took over the hearing, and it was agreed at that time, rather than to have a joint hearing—I think the first one was a joint hearing, and then it was agreed that the Foreign Relations Committee should take it over, and if there was any military question, it should be referred to the Committee on Armed Services thereafter.

For 1 or 2 years, the matter was referred to the Committee on Armed Services, and then I think it was the feeling of those who were on the Armed Services Committee that it really would be better to have it come directly to the floor; so that arrangement was not carried on.

But I wonder, in that connection, if the Senator from Nebraska will permit me to say so, whether the Senator from New York and the Senator from South Dakota, whose amendment this is, would agree to a modification of subsection (2) on page 4, line 18, to read, instead of just four members of the Committee on Foreign Relations, "four members chosen from the Committees on Foreign Relations, Armed Services, and Appropriations of the Senate."

In other words, leave the statement "to be designated by the Vice President" unchanged, and not change anything else, except that the four members be chosen from the three committees, which all three have something to do with the matter, rather than just the Committee on Foreign Relations.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. HRUSKA. I am happy to yield to the Senator from South Dakota.

Mr. MUNDT. I can see some merit, perhaps, in bringing in the Appropriations Committee in some way, if it can be done, but why bring in the Committee on Armed Services? Because we have taken the military section out of the bill, and this deals only with economic assistance.

Mr. HRUSKA. On the contrary, if the Senator will yield, we have, on page 3 of the pending amendment subsection (4), which reads:

(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

That is part of the study the commission would make.

Mr. MUNDT. Yes, but it is attached to the economic aid part of the bill. If we are to have a Commission with only that many committee members on it, no committee will have adequate representation to provide any cross section of views at all.

Mr. SALTONSTALL. If the Senator from Nebraska will permit me to say so—

Mr. HRUSKA. Certainly.

Mr. SALTONSTALL. I did not intend to increase the number at all. I simply said the Vice President should be able to choose from members on the three committees, rather than merely the one.

Mr. MUNDT. I think it is important to increase the size of the committee if that is to be done, because, for example, on the Foreign Relations Committee, as the Senator knows, each of us is more or less typed as having certain ideas on economic aid. If the Vice President were to select one member from each of the committees, the decision could be predetermined in advance. By increasing the number, it could be expected that there would be some pros and some cons.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. HRUSKA. I yield to the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I think the supporters of the amendment failed to read it carefully. I see the possibility that, under the amendment, the committee might investigate the CIA, in which case it would be most dangerous to have four members of the Committee on Foreign Relations on it. We might wish to take that into account, because section 3, on page 2, reads:

Assistance for political or contingency purposes, to be extended to a limited number of countries or areas

That might very well involve the CIA. It would be most dangerous to have four members of the Foreign Relations Committee on such a committee.

Mr. HRUSKA. That is a very interesting observation, particularly in view of the recent debate on the floor on that general subject which had an unfortunate termination so far as the viewpoint just expressed is concerned.

Mr. ELLENDER. Mr. President, in addition to what the senior Senator from Massachusetts just said about the Committee on Foreign Relations, I point out that in 1964, food for peace provided 33 percent of our foreign aid. In 1965 it was 28 percent. In 1966 it was 20 percent. Considering these facts, why should not the Committee on Agriculture and Forestry have a berth on this committee?

Mr. HRUSKA. I see no reason why not. To narrow this committee down for a study and investigation of such monumental scope and to limit the committee to four members of only one committee seems to me to make it a little bit off balance, in fact very ill balanced. I point that out as an added reason why I do not propose to vote for the amendment.

Mr. HOLLAND. Mr. President, I should like to address a question to the junior Senator from New York.

I note that in subsection (1) of section 201, on page 2, of the pending

amendment reference is made to the inclusion of title II of the Agricultural Trade Development and Assistance Act of 1954, as amended.

That is the title that has to do with famine relief.

Mr. KENNEDY of New York. The Senator is correct.

Mr. HOLLAND. And that comes under this heading, "Assistance Intended Primarily for Humanitarian Purposes."

Mr. KENNEDY of New York. The Senator is correct.

Mr. HOLLAND. Do I understand from that that the only research that this committee would make, looking to suggestions or changes of programs lying in the field of agriculture would be in that field covered by title II of the Food for Peace Act?

Mr. KENNEDY of New York. The Senator is correct. As I said to the Senator yesterday, and as I said to the Senator from Louisiana today, they would certainly take into consideration the fact that these other programs exist and how they operate and how much is expended each year while they are determining what should be done under this program, rather than under the foreign aid program.

Mr. HOLLAND. The study commission, however, would not take up matters arising under titles I, III, and IV of the Food for Peace Act. Title I, for instance, deals with the sale of food commodities or agricultural commodities for soft currencies; title III, as I recall it, for barter; and title IV, the sale for dollars on the installment plan or credit terms. All such details would still be left exclusively to the Committee on Agriculture and Forestry.

Mr. KENNEDY of New York. It would be left to the Committee on Agriculture and Forestry. Obviously the Senator from Florida understands that the planning committee would be aware of that and would take into consideration what was being done under those programs, while considering the foreign aid program.

Mr. HOLLAND. No provision would be made for suggested changes in titles I, III, and IV of the Food for Peace Act.

Mr. KENNEDY of New York. The Senator is correct. I emphasize to the Senator from Florida and to the Senate that all we have been talking about over the period of the last day or so is a study. After the study has been made—and there will be eight Members of Congress on the study committee—the committee will make its report back to the Senate and to the House of Representatives. Everybody will have an opportunity to consider that study and to make his own judgment as to its validity.

Mr. HOLLAND. And the appropriate committees having jurisdiction of the specific subject matter would still have the responsibility of examining and reporting upon suggested legislation.

Mr. KENNEDY of New York. They would examine and report upon any suggestion they might make. Some suggestions might be made to other committees. But each Representative would have to pass on the matter and each Senator would have to pass on it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from New York. On this question the yeas and nays have been ordered.

Mr. HRUSKA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HRUSKA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I thank the Senator from New York [Mr. KENNEDY], the Senator from Pennsylvania [Mr. CLARK], and the Senator from South Dakota [Mr. MUNDT] for working out an acceptable adjustment of what were our differences. I think all of our differences were more in form than they were of serious substance all the time.

The amendment now allays the concern, if not the fears, of some who thought there was an implied commitment under the language originally proposed to commit ourselves to narrow the gap between the have and have-not nations. But, be that as it may, we will benefit from the study that will flow from the special commission the amendment calls for.

The purpose and direction of the Kennedy-Clark-Mundt amendment is quite different from the amendment I helped draft in the Foreign Relations Committee last year. It is also very different from the version which was passed by the Senate after the Kennedy-Clark-Mundt amendment was added on the floor. It is not completely accurate to say this is what the Senate approved last year. The Senate must take into account the other amendment that it approved last year.

The committee version of 1965 began by terminating future aid under what are called foreign aid measures and also terminating title I of the Agricultural Trade Development Assistance Act of 1954. This was put into the committee amendment to make certain that the review of foreign aid would include all kinds of assistance, including that under food for peace. Our bill ended the largest program under food for peace along with the current version of foreign aid just so all these forms of aid would be considered and dealt with as a piece.

Take a look at this language in the 1965 bill. It began:

SEC. 701. TERMINATION OF EXISTING PROGRAMS.—Notwithstanding any other provision of law, no assistance shall be furnished pursuant to this Act or pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, or any extension thereof, to any country or area (or enterprise thereon) subsequent to June 30, 1967.

The reason for that language was to include Public Law 480 in any review of foreign aid. The committee fully recognized and appreciated that so-called food for peace is one of the biggest foreign aid programs we have. Beginning this

year, Public Law 480 will no longer be a surplus disposal program. We will begin raising food specifically for the purpose of distribution abroad. It is every bit as much a part of economic assistance as the manufactured commodities we also produce for distribution under AID contract.

Senators will recall that last year my good friend, the Senator from Louisiana [Mr. ELLENDER], the chairman of the Committee on Agriculture, seemed to believe that this action would constitute trespassing upon the jurisdiction of the Committee on Agriculture. We sought no trespass upon the jurisdiction of the Committee on Agriculture. We took the position that what they do under Public Law 480 and food for peace is a substantial part of foreign aid, and any commission looking into foreign aid ought to look into that matter, too.

We made some adjustments and got his agreement to the language I have just this afternoon read because he shared our view that Public Law 480 should be included in any review of foreign aid.

I was gratified to hear Senator ELLENDER—if I understood correctly—make the same point, that food for peace and Public Law 480 really are part of the foreign aid program. It is not specifically set forth in this resolution, as it was last year, but I do not see any reason why the Commission that is to be set up here could not cover all forms of foreign assistance, including those authorized in other laws.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MUNDT. As one of the many co-authors whose names are associated with this proposal, I can assure the Senator from Oregon that, early in our discussions, the first amendment which was adopted by the then sole author, the gentleman from New York [Mr. KENNEDY]—although I believe it had two authors, the gentleman from New York [Mr. KENNEDY] and the gentleman from Pennsylvania [Mr. CLARK]—was to provide the words "among others." So that the Commission, in addition to anything we stipulate here, would have a wide-open field in which to carry out its investigations—any place that it felt its investigations would be valid.

So the legislative history recounted by the Senator from Oregon certainly would prove an inducement to them to do that which they could legally do under this amendment.

Mr. MORSE. That statement is very helpful. I understand, then, from his intervention, that the Senator from South Dakota, one of the authors of the pending amendment, advises the Senator from Oregon and the Senate that if the amendment is adopted and the Commission is set up, it would have general power to go into a review of Public Law 480 and food for peace or any other assistance program available.

Mr. MUNDT. As now written, the Commission would have the power to make investigations of anything, anywhere, relevant to the whole foreign assistance program, until it runs out of its \$400,000.

Mr. MORSE. That was my understanding, but I desired to make the record clear, because we clearly contemplated that in my amendment of last year.

A second section of our committee amendment directed the study commission to seek unification of all such aid programs under a single officer or agency. The language reads as follows:

In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) shall also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

The Senator from Louisiana has already spoken about the omission from this amendment of a termination provision. I wish it were in. But we must face the fact that there would be no chance of getting it through the House, and I doubt whether it would get through the Senate under the circumstances prevailing this year.

Nevertheless, this comment should be made, to show the difference between the position I took last year on the amendment that the Senate adopted, including the addition of the Kennedy-Clark amendment of last year, and the situation this year with the Kennedy-Clark-Mundt amendment.

Omission of the termination provision, with its inclusion of food for peace, would leave entirely up to the study group the review of all aid programs or just those provided for in this bill and in the military aid bill. The only type of assistance specifically described as including other laws which the Commission is directed to study is in the area of humanitarian relief. No mention is made of specific laws in the area of development, nor the area of political aid, nor the area of military aid.

Another omission from this amendment offered this year is subsection (b) of the committee bill of last year. It reads:

The proposals referred to in subsection (2) should also provide that after June 30, 1967, the total number of countries receiving assistance referred to in paragraphs (2), (3), and (4) of subsection (a) should not exceed a total of fifty.

I should prefer some limitation in this amendment. But there is a reference to this matter in current bills.

I should like to have the attention of the Senator from South Dakota, because he is the only coauthor of the amendment.

Does the Senator from South Dakota agree with me that the terms of reference of the Commission are sufficiently broad so that in any study of foreign aid it could take into consideration—it seems to me that it should take into consideration—the number of countries that ought to receive aid?

Mr. MUNDT. I am sure that it is broad enough to do that, because actually no arbitrary limitations are in the amendment.

As the Senator will recall, I introduced a companion amendment of my own.

The Senator from New York [Mr. KENNEDY] introduced one. When the amendment of the Senator from New York was called up first, I called attention to the basic difference, which was that included in the amendment of the Senator from New York were some stipulations and some suggestions and some guidelines to which I objected. I objected because the guidelines, if established, seemed to mutually exclude anything else.

Realizing that we could not strike the whole subject, I suggested that we include the words "among others." When the Commission is told that among others it may include this, it means that among the other things they may include is everything else in the world relevant to the problem.

So the Senator from Oregon need have no concern about that, provided a Commission is appointed which would follow the leadership of its own noses, instead of accepting direction from some ulterior source.

Mr. MORSE. When this Commission is appointed, it should read this debate very carefully.

Mr. MUNDT. I should hope so.

Mr. MORSE. At least, it would be responsible for following the legislative history of the bill. Therefore, I desire this legislative history to show clearly that if we pass the amendment this afternoon—I shall support it—it is understood that the Commission would have within its terms of reference the authority to make inquiry into the extent of the program for the future, including the number of countries that should receive aid by way of foreign aid from the United States.

Mr. MUNDT. It would certainly be a very short-sighted Commission that would ignore that salient factor.

Mr. MORSE. In my judgment, it would not be carrying out the objectives of the amendment if it did not do so, and it would be subject to criticism if it did not.

Mr. McCARTHY. Mr. President, will the Senator yield for a question of the Senator from South Dakota?

Mr. MORSE. I yield to the Senator from Minnesota to ask a question of the Senator from South Dakota.

Mr. McCARTHY. Will the Senator from South Dakota tell me whether or not it is the intent of the authors of this proposal that the Commission's studies would really include everything that is in the policy declaration that is part of the basic Foreign Assistance Act of 1961? Does the Senator contemplate any limitation?

Mr. MUNDT. No. This amendment deals primarily with foreign aid.

Mr. McCARTHY. This is the Foreign Assistance Act of 1961, which sets forth the general purposes of the foreign aid program. Is it the intention of the Senator from South Dakota that this special committee or commission be set up to study this whole field and all of the objectives which have been set for the foreign assistance program through the years and are still part of the basic act?

Mr. MUNDT. I am not sure about that, but I am sure that the Commission should discuss all of the various records and types and programs of foreign aid which have been engaged in, and all possible other determinations which might be made, governing any foreign aid programs for the future. I am not sure that it is broad enough to go into foreign policy and military policy, and things of that type.

Mr. McCARTHY. I say it is simply the policy which has been set in the Foreign Assistance Act, I assume that is the policy which it is the intention that Congress pursue. In other words, the Senator from South Dakota desires that the Commission have rather general jurisdiction in the whole field of foreign aid.

Mr. MUNDT. In the specific field of foreign aid, I desire the Commission to have general jurisdiction.

Mr. McCARTHY. Mr. President, since the bill before us is an amendment to the Foreign Assistance Act of 1961, I ask unanimous consent to have printed in the RECORD part I, chapter 1, section 102 of that act, which is a three-page statement of policy of the foreign aid program, so that the Senators may know the limitation and scope of the objectives we have set for this program.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED
PART 1

Chapter 1—Policy

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom

of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishings under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsible to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation

or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purpose, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries.

The Congress urges that all other countries (including private enterprise within such countries) able to contribute join in a common undertaking to meet the goals stated in this part. In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne, by all. It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return of their homeland of Americans involved in that struggle.

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of the United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof.

This Act, or the furnishing of economic, military, or other assistance under this Act, shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country.

Mr. MORSE. Mr. President, I yield to the Senator from North Carolina [Mr. ERVIN], without losing my right to the floor, so that he may ask a question of the Senator from South Dakota [Mr. MUNDT].

Mr. ERVIN. Mr. President, I invite attention to the language contained in lines 1 through 6 on page 2 which provides that this Commission is to formulate and submit proposals for foreign assistance for "fiscal years"—and I notice that that is in the plural—beginning on or after July 1, 1968.

Does not this proposed amendment contemplate that the foreign aid program is going to be continued until the last lingering echo of Gabriel's horn trembles into silence?

Mr. MUNDT. I think not, because those who study the record and debate on this matter will observe the fact that the Senate emphatically in a rollcall vote called for this to be a 1-year authorization. The program ends at the end of this fiscal year.

Mr. ERVIN. This amendment, regardless of what it would do to foreign aid to foreign countries, would cut off aid to members of this Commission at the end of 1 fiscal year.

Mr. MUNDT. The Commission expires when it makes its report. The Senator is correct.

Mr. ERVIN. I thank the Senator.

Mr. MORSE. Mr. President, as the Senator from Ohio [Mr. LAUSCHE] and I pointed out last night in colloquy on the floor of the Senate, it is not accurate to say that the amendment that we have under consideration is the same thing we voted for a year ago. It has many of the characteristics of the same thing we voted for but we have to take into account what else we voted for that was related to the subject matter of this amendment.

We have to take into account that some of its characteristics did not come out of the committee, but were added on the floor of the Senate. When you look at the total amendment that we reported from committee, including the facts I have pointed out that are not in the bill this year, I think there is a partial explanation of why the Senator from Ohio [Mr. LAUSCHE] and I were right last year in insisting we should modify the amendment this year. That is to the great credit of the Senator from New York [Mr. KENNEDY] and I appreciate it very much. He agreed to do it along the lines which I will mention in a moment.

But because the Senator from Ohio [Mr. LAUSCHE] made the record he made last night, I thought it fair to him, as well as myself, to point out the differences between the bill and amendment this year, and the bill and amendment of last year.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. Mr. President, in the colloquy that took place last night I emphasized the fact that the amendment as written laid down directions to the Commission of 12. After it laid down directions it proceeded to state that the Commission shall make a study, and that at the conclusion of that study make recommendations.

My anxiety was provoked by the paradox of what is sought to be done. It was declared, in effect, that we shall have an impartial study from which a commission advises about what our course of economic assistance in the future shall be.

But as I have already stated, as a preliminary, the bill proceeded to tell this Commission of 12 what in effect it should do.

I now read from page three, beginning on line 18 the material which I understand has been stricken from the amendment through the discussions that have been had. Is that correct?

Mr. MORSE. The Senator is correct.

Mr. LAUSCHE. The language of the bill was, as follows:

The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy.

This analysis should examine the relationship between development requirements and the rising gross national product of the United States.

The amendment to the bill that was under consideration last year, proposed by the Senator from Oregon [Mr. MORSE], envisioned, in essence, a termination of the foreign aid program, or a substantial reduction of it. That was the basis upon which we proceeded.

However, this amendment was accepted, as proposed by the Senator from Pennsylvania [Mr. CLARK]. It is true that the RECORD shows that 78 Senators voted for it, and 1 Senator voted against it. But I submit that a complete reading of the record and the proceedings in 1965 will disclose that the primary objective of the study was to bring about a termination or reduction of the program.

In conclusion, the striking of lines 18 down to a part of line 23 puts the language of this amendment in a form that will require an objective study of the advisability of either increasing, decreasing, or terminating foreign aid.

On that basis, I favor this amendment.

Mr. MORSE. I appreciate that. I wanted to give the Senator from Ohio [Mr. LAUSCHE] the opportunity to make his statement in view of the colloquy we engaged in last night with our friends, the Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK], and others.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. Last night I asked the Senator from Oregon [Mr. MORSE] why he accepted the amendment last year.

Mr. MORSE. I said I had made a mistake.

Mr. LAUSCHE. I merely want to add that I think the Senator from Oregon tried to be polite to the Senator from Pennsylvania and the Senator from New York.

Mr. MORSE. I do not have to try to be polite to them; it is always a pleasure.

Mr. LAUSCHE. And also, as a tactical operation, he agreed to accept it, believing that, by so doing, the amend-

ment he offered would be adopted; and it was adopted by a vote of 78 to 1.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. I should like to have the RECORD show that the cordial relationship between the Senator from Oregon and myself, which has existed for some 10 years, makes it quite unnecessary for us to be polite to each other. The Senator from Ohio [Mr. LAUSCHE] and I also have a cordial relationship.

Mr. LAUSCHE. Except that some time ago the Senator from Pennsylvania, on television, described me as demagog. This is the first time I have had a chance to call attention to that or point it out.

Mr. CLARK. I have the feeling that the Senator from Ohio has been misinformed. I never think of him as a demagog; nothing would be further from my mind. I consider him a staunch defender of the age that has passed against the age that is "thronging before." [Laughter.]

May I complete my statement by saying that I regret the changes which have been made in the amendment; nevertheless, I shall support it. I hope that the Commission, when appointed, will read very carefully the debate in the Senate during the last 2 days. If they do, they will give great consideration to what will have to be done to bridge the gap between the poorer nations and the richer nations. I realize that my views did not prevail to change the amendment, but I believe that the amendment is better than no amendment, and I shall vote for it.

Mr. MORSE. Mr. President, it is fitting that I should make this comment immediately following what my good friend from Pennsylvania has just said, because I appreciate very much the spirit of cooperation which the Senator from Pennsylvania, the Senator from New York, and the Senator from South Dakota have extended to us, so that we can have an amendment that will provide for a study. That is what we all seek.

The revised amendment eliminates the word "assessment" which was presented several times in the original draft of the amendment as first offered. I think that is desirable, in order to put at rest in the Senate certain concerns and fears that the word "assessment" is becoming common in international finance circles. To talk about an assessment of the gross national product to be levied on industrial countries for use in underdeveloped countries has become quite common.

I stated yesterday, in connection with a couple of items in the bill, that the delegates of some Latin American countries to economic conferences have developed quite a habit of talking about assessments. I do not think that we should commit ourselves to any legislation that uses that term in it, in view of the meaning that seems to have been given to it by some of the Latin American delegates to international conferences.

To say "assessed," meaning to evaluate, does not change the fact that assessed also means "to subject to a tax, charge, or levy."

The original version of this amendment stated that the commission should examine the relationship between the development requirements and the rising gross national product of the United States. That is before we modified the pending amendment. It provides that we should examine the relationship between the development requirements of the rising gross national product of the United States, assessing the percentage of the gross national product that should be devoted to such developmental assistance.

If we mean to have a study that the American people can ever have any confidence in, then I think we were wise in getting the agreement to eliminate the word "assessment" this afternoon.

Again, I want to thank the Senator from New York, the Senator from Pennsylvania, and the Senator from South Dakota for going along with us on this proposed modification, which reads:

The proposal referred to in subsection (a) should include an analysis of the role that economic assistance by the United States and other developed nations can play in the economic and social development through foreign aid.

I made this statement because I did not want someone studying the legislative history of the Senate to believe that I agreed last year to this amendment. I agreed to major language in the amendment offered by the Senator from Pennsylvania, the Senator from New York, and the Senator from South Dakota as part of a much broader section of the bill, some of which, as I have pointed out, does not happen to be covered in this amendment.

I shall support the amendment.

Mr. HRUSKA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HRUSKA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment, as modified, of the Senator from New York [Mr. KENNEDY].

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

I also announce that the Senator from Florida [Mr. SMATHERS] is necessarily absent.

I further announce that, if present and voting, the Senator from Indiana [Mr. BAYH] and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 74, nays 17, as follows:

[No. 158 Leg.]

YEAS—74

Aiken	Hart	Montoya
Anderson	Hartke	Morse
Bartlett	Hickenlooper	Moss
Bible	Hill	Mundt
Boggs	Holland	Murphy
Brewster	Inouye	Muskie
Burdick	Jackson	Nelson
Byrd, Va.	Javits	Neuberger
Byrd, W. Va.	Jordan, N.C.	Pastore
Cannon	Kennedy, Mass.	Pell
Case	Kennedy, N.Y.	Prouty
Church	Kuchel	Proxmire
Clark	Lausche	Randolph
Cooper	Long, Mo.	Ribicoff
Dodd	Long, La.	Robertson
Dominick	Magnuson	Russell, S.C.
Douglas	Mansfield	Saltonstall
Ervin	McCarthy	Sparkman
Fannin	McGee	Symington
Fong	McGovern	Tower
Fulbright	McIntyre	Tydings
Gore	Metcalfe	Williams, N.J.
Griffin	Miller	Yarborough
Gruening	Mondale	Young, Ohio
Harris	Monroney	

NAYS—17

Bennett	Hruska	Stennis
Cotton	Jordan, Idaho	Talmadge
Curtis	Russell, Ga.	Thurmond
Dirksen	Scott	Williams, Del.
Eastland	Simpson	Young, N. Dak.
Ellender	Smith	

NOT VOTING—9

Allott	Carlson	Morton
Bass	Hayden	Pearson
Bayh	McClellan	Smathers

So Mr. KENNEDY's amendment, as modified, was agreed to.

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, add a new section, as follows:

"SEC. 203. There is hereby authorized to be printed for the use of the Committee on Foreign Relations 14,000 additional copies of its hearings on supplemental foreign assistance, fiscal year 1966—Vietnam, of the Eighty-ninth Congress, second session."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader whether he is aware of any further amendments, or whether we can proceed to a third reading.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, the Chair has just put the question, and there seem to be no further amendments. I hope we can proceed to third reading as soon as possible.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. FULBRIGHT. Mr. President, I move that the Senate proceed to the immediate consideration of H.R. 15750, which is the House bill.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to, and the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I move to amend the bill (H.R. 15750) by striking out all after the enacting clause and substituting the text of S. 3584, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

Mr. DIRKSEN. Mr. President, have the yeas and nays been ordered on passage?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. DIRKSEN. I ask for the yeas and nays.

The yeas and nays were ordered.

A NEW CONCEPT ON FOREIGN AID

Mr. FULBRIGHT. Mr. President, I have great misgivings about this year's foreign economic assistance bill. I wish to make it clear, however, that my misgivings are not about foreign aid as such, nor about the Agency for International Development, its personnel and their administration of the program. My misgivings have to do with the basic character of the program and the need, as I see it, for a new concept of foreign aid. In its present bilateral form foreign aid, though composed principally of interest-bearing loans, is run as a kind of charity, demeaning to both recipient and donor. In addition, it is becoming a vehicle toward deep American involvement in areas and issues which lie beyond both our vital interests and our competence. For these two essential reasons, on which I shall elaborate, I propose the transformation of aid, through internationalization, from private charity to community responsibility, from a dubious instrument of national policy to a stable program for international development.

The obligation of the rich to help the poor is recognized, so far as I know, by every major religion, by every formal system of ethics, and by individuals who claim no moral code beyond a simple sense of human decency. Unless national borders are regarded as the limits of human loyalty and compassion as well as of political authority, the obligation of the rich to the poor clearly encompasses an obligation on the part of rich

nations to poor nations. Indeed, it is no more than commonsense to recognize that, among nations as within them, the security of the rich is best assured by providing hope and opportunity for the poor.

Neither we nor any other nation, however, has yet accepted an obligation to the poor nations in any way analogous to that which we accept toward the individual poor and the poorer States and regions within our own country. In America and other democratic societies, higher income people provide the bulk of the tax money to finance public services of which the poor are the principal beneficiaries; the redistribution of wealth has become a normal and accepted function of democratic government. The rich pay not as a private act of noblesse oblige but in fulfillment of a social responsibility; the poor receive benefits not as a lucky gratuity but as the right of citizens. The effect of the great social reforms in our country from the time of Theodore Roosevelt to the Great Society has been the virtual displacement of private philanthropy by public responsibility. The Salvation Army has just about been put out of business by social security and, with due respect for the humanity and kindness of the Salvation Army, who can deny that unemployment compensation is a major improvement?

With no less respect for the competence and dedication of our Agency for International Development, I suggest that we begin to replace bilateral foreign aid, which is analogous to private philanthropy, with an internationalized program based on the same principle of public responsibility which underlies progressive taxation and the social services we provide for our own people. I suggest that we extend the frontiers of our concern so as to transform our aid to the world's poorer nations from something resembling a private gratuity to a community responsibility.

The crucial difference between bilateral and international aid is the basic incompatibility of bilateralism with individual and national dignity. Charity corrodes both the rich and the poor, breeding an exaggerated sense of authority on the part of the donor and a destructive loss of self-esteem on the part of the recipient. Whatever the material benefits of our aid—and they have been considerable in some countries—I am increasingly inclined to the view that they have been purchased at an excessive political and psychological cost to both lenders and borrowers. The critical question is whether the transfer of wealth between nations can be made compatible with human dignity as has been done within our own country. I think that it can be done, by the internationalization of foreign aid.

It is with such thoughts in mind that I have decided, after almost 20 years of American foreign aid, that I for one can no longer actively support an aid program that is primarily bilateral. I would, however, support and do all within my power to secure an expanded program of economic aid—a greatly expanded program of economic aid—provided that it were conducted as a com-

munity enterprise, that is, through international channels such as the United Nations, the International Development Association of the World Bank, and the regional development banks.

The disruptive effects of bilateral American aid have been referred to by some prominent individuals who know something about it. They emphasize the importance of the way in which the gift—or loan—is given.

There is wisdom if also malice in Prince Sihanouk's comparison of American and Chinese aid to his country.

You will note the difference in the ways of giving—

He writes:

On one side we are being humiliated, we are given a lecture, we are required to give something in return. On the other side, not only is our dignity as poor people being preserved, but our self-esteem is being flattered—and human beings have their weaknesses, and it would be futile to try to eradicate [them].

General Ne Win has all but ended foreign economic aid to Burma despite its great need of capital and technical assistance.

Unless we Burmans can learn to run our own country—

He says—

we will lose it. Of course, there are hardships. But we must put our house in order.

Noting the effects of vast American military and economic assistance on such countries as South Vietnam and Thailand, Ne Win says:

This kind of aid does not help. It cripples. It paralyzes. The recipients never learn to do for themselves. They rely more and more on foreign experts and foreign money. In the end they lost control of their country.

Extended in the wrong way, generosity can be perceived by its intended beneficiary as insulting and contemptuous. I rather suspect, in this connection, that the well-intentioned public American offer to include North Vietnam in a southeast Asian development program may have been interpreted by the North Vietnamese as an attempt to buy them off from the war and make them an American dependency. Coming as it did from a nation with which North Vietnam is at war, a nation which is bombing its territory, the American offer, though sincere, was perhaps too generous to be credible, and that may explain why it was rejected as another peace plot, as an effort on the part of the United States to win by bribery what it had been unable to win on the battlefields. If the same offer of aid were made privately to the North Vietnamese by the representatives of an international agency, it is possible that it would elicit a different kind of reaction.

The problem of bilateralism is psychological and political rather than managerial. It is a problem of pride, self-respect and independency, which have everything to do with a country's will and capacity to foster its own development. There is an inescapable element of charity and paternalism in bilateral aid—even when it is aid in the form of loans at high rates of interest—and charity, over a long period of time,

has a debilitating effect on both its intended beneficiary and its provider; it fosters attitudes of cranky dependency or simple anger on the part of the recipient and of self-righteous frustration on the part of the donor, attitudes which, once formed, feed destructively upon each other.

Foreign aid is not in a literal sense the cause or the reason for American military involvement in Vietnam. It was, however, an important factor contributing to the state of mind of policymakers who committed the United States to a major land war in Asia after having stated forcefully, repeatedly and, to many of us, quite convincingly, that that was exactly what they intended not to do. The relationship between American aid and the Vietnamese war is no less significant for being psychological rather than juridical; indeed it is probably more significant.

The idea of foreign aid as a source of American military involvement is certainly not my own; on the contrary, such a connection never even occurred to me or, I daresay, to other members of the Foreign Relations Committee, until administration officials began referring to the aid program as cause and evidence of what they judge to be an American military obligation in Vietnam. Nor, I think, can the connection between aid and military involvement be dismissed as mere excess of rhetoric by partisans of the Vietnamese war.

Although he has now disavowed aid as a source of military obligations, the Secretary of State on no less than three occasions referred to congressional approval of aid programs as a basis of authority for the American military involvement in Vietnam. He did so at a Senate hearing in August 1964. He did so again in a hearing before the Foreign Relations Committee on January 28, 1966, when, after citing the SEATO Treaty as authorizing American military action in Vietnam, he went on to say:

In addition to that, we have bilateral assistance agreements to South Vietnam. We have had several actions of the Congress. We have had the annual aid appropriations in which the purposes of the aid have been fully set out before the Congress. . . .

The Secretary made the same point most explicitly in a speech in Las Vegas on February 16, 1966. He said:

We are committed to assist South Vietnam resist aggression by the SEATO Treaty, which was approved by the Senate with only one dissenting vote; by the pledges of three successive Presidents; by the aid approved by bipartisan majorities in Congress over a period of 12 years; by joint declarations with our allies in Southeast Asia and the Western Pacific; and by the Resolution which Congress adopted in August 1964, with only two dissenting votes.

I very much doubt that any Member of the Senate ever supposed that by voting for foreign aid the Senate was authorizing or committing the United States to use its Armed Forces to sustain the ruling government of any recipient country against foreign attack, much less against internal insurrection. I rather doubt that those who later cited such a connection thought of it, either, before the United States took over the Vietnamese war.

What seems to have happened is that large-scale military and economic aid, along with our gradual assumption of the French role in Indochina and the adoption of Ngo Dinh Diem as an American protégé, created a state of mind among American policymakers under which it was felt that the United States had a proprietary investment in Vietnam—an investment of prestige and money which those responsible were naturally unwilling to see go down the drain. A gambler is always tempted, once he has begun to lose, to keep raising the stakes in the hope of recouping his losses; since early 1965 American policymakers have been steadily raising the stakes of a gamble which began in part with aid and which until a year and a half ago could have been liquidated with a fairly small loss. Once the stakes became high, however, explanations were called for, and, apparently without awareness of the implications of what they were saying, our policymakers began referring to foreign aid as one of the factors that committed the United States to the war in Vietnam.

Explicit references to foreign aid as legal basis for an American military obligation seem, therefore, to have been *ex post facto*; policymakers who came to feel that the United States was obligated to take over the Vietnamese war, in part because aid programs authorized with no such intention contributed to the sense of an American investment, later referred back to foreign aid legislation as one source of justification and authorization for the American military commitment. Subsequent disavowals of aid as a source of military obligation cannot undo its prior contribution to that state of mind which made military involvement seem essential.

It is a little late to be locking the barn after your prize herd has galloped off into the distance. Nonetheless, in order to disabuse the administration of the view that the Congress, by adopting aid legislation, is authorizing the President to go to war in defense of the beneficiaries, the Foreign Relations Committee added language to the policy statement of the foreign economic aid bill indicating that the authorization of military and economic aid "shall not be construed as creating a new commitment or as affecting any existing commitment to use Armed Forces of the United States for the defense of any foreign country."

As a further precaution the committee, which previously had approved multiyear authorizations, limited this year's foreign aid authorization to 1 year. I myself would strongly favor long-term authorization of an internationalized foreign aid program; should the Congress ever be asked to approve such a program, I for one will not only support the principle of long-term authorization but will do all that I can to secure its adoption. This year, however, I have been unwilling to support a long-term aid authorization because of a lack of confidence in the purposes for which bilateral aid is likely to be used. I have been particularly disturbed by the implications of what is being referred to as an Asian doctrine under which the United States would accept unilateral responsibility for maintaining order and

extending the Great Society to non-Communist Asia. Until confidence in the uses to which our aid is likely to be put is restored—and I hope that it will be in the near future—I think it prudent for the Congress to retain its full authority to review the authorization as well as the appropriation of funds for foreign aid.

Many country programs are justified by the Agency for International Development on the ground that they will maintain an "American presence." These programs are too small to have much effect on economic development but big enough to involve the United States in the affairs of the countries concerned. The underlying assumption of these programs is that the presence of some American aid officials is a blessing which no developing country, except for the benighted Communist ones, should be denied.

I think this view of aid is a manifestation of the arrogance of power. Its basis, if not messianism, is certainly egotism. It assumes that the size, wealth, and power of the United States are evidence of wisdom and virtue as well; it assumes that, just as the right-thinking, hard-working laborer in a Horatio Alger novel might have counted it a privilege to take counsel with the local tycoon, every right-thinking, hard-working underdeveloped country must consider it a privilege to have some resident Americans around to tell them how to run their affairs.

Bilateral foreign aid, like some of the other "instruments" of American foreign policy, has become a vehicle toward the involvement of the United States in matters lying beyond its proper concern. Though by no means the sole cause, or even the major cause, of the developing role of the United States as ideological policeman for the world, bilateral aid has been a factor in that development. It has become a factor in a general tendency to go it alone, a tendency reflected in our neglect of the United Nations, in our neglect of the views and sensibilities of allies and other countries, and in the diversion of money and effort from those promising and essential domestic reforms which only a year ago bade fair to make the United States an example of progress and social justice for the world.

Foreign aid does not have to contribute to such results. It can indeed be a powerful means toward the renewal of strained partnerships, toward the reconciliation of national animosities, and above all toward the economic growth of the world's poor countries under conditions that foster dignity as well as development. To accomplish these ends we will have greatly to increase our aid program and to transform it from an instrument of national policy to a community program for international development.

I propose, therefore, the internationalization and expansion of foreign aid. I propose its conversion from an instrument of national foreign policy to an international program for the limited transfer of wealth from rich countries to poor countries in accordance with the same principle of community responsibility that in our own country underlies

progressive taxation, social welfare programs, and the effective transfer of wealth from the rich States to the poor States through programs of Federal aid. The time has come to start thinking of foreign aid as part of a limited international fiscal system through which the wealthy members of a world community would act sensibly and in their own interests to meet an obligation toward the poor members of the community.

So great a transformation in the character and conduct of aid cannot be achieved all at once. At present, however, virtually no progress is being made toward the internationalization of aid. The implementation of the Foreign Relations Committee's amendment to the foreign economic aid bill requiring the channeling of 15 percent of the Development Loan Fund through the World Bank and its affiliated agencies would be an encouraging but, in itself, inadequate step forward. A more significant advance would be a favorable American response to the request of Mr. George Woods, the President of the World Bank, for greatly increased contributions to the International Development Association, the Bank's soft-loan affiliate.

What steps can be taken toward the development of an international system for the limited redistribution of income between rich countries and poor countries? First, the aid-providing countries of the world should terminate bilateral programs and channel their development lending through the World Bank and its affiliated agencies, especially the International Development Association. Secondly, the Bank and its affiliates should be authorized to dispense the increased development funds that would be at their disposal as they now dispense limited amounts—that is, according to social needs and strict economic principles. Third, the Bank and its affiliates should execute aid programs through an expanded corps of highly trained international civil servants, encouraging objectivity by the assignment of field personnel, so far as possible, to countries and regions other than their own. Fourth, the Bank and its affiliates should be authorized to recommend amounts to be contributed each year by member countries to an international development pool; contributions should be progressive, with the main burden falling on the rich countries, but, in keeping with the principle of a community responsibility, with even the poorest countries making token contributions.

There are many possibilities for the gradual strengthening of an international fiscal system over a period of years. Some proposals to this effect, although not making reference to the World Bank as the appropriate international agency, were put forth by Mr. Dudley Seers in a thoughtful and creative article calling for the limited transfer of income from rich countries to poor countries.

An internationalized system would provide a framework within which the great powers could convert their aid programs from cold war instruments of competition to cooperative ventures that would benefit their own relations as well as the economic needs of the developing countries. It would be a great thing indeed if

the United States and the Soviet Union, the world's two most economically powerful nations, would join in endorsing the principle of an international fiscal system. In this connection it would be highly desirable for the Soviet Union to join the World Bank, of which Yugoslavia at present is the only Communist member. Perhaps the U.S. Government could take the initiative of suggesting to the Russians that they join and of offering, if necessary, to sponsor amendments to the Bank's charter that might make membership more attractive to the Soviet Union.

There are many possibilities for Soviet-American cooperation through development aid. It would be a boon to their own relations and a splendid example for other countries if the United States and the Soviet Union agreed to divert equivalent sums of money from armaments to the international development pool. Under an internationalized development program, one can envision Russian and American engineers and economists working together in many parts of the world as members of an international corps of civil servants. The internationalization of aid, by creating a framework for cooperation between the great powers, could thus provide a powerful impetus for world peace as well as for economic development.

The transformation of economic aid from a national charity and an instrument of cold war competition to an international responsibility would put an end to the peculiar and corrosive tyranny which donor and recipient seem to exercise over each other in bilateral relationships. Aid would be converted to a community responsibility characterized by continuity, predictability, and dignity for all parties. The economic development of the poor nations of the world would be treated for the first time as an end in itself, insulated from international political rivalries and internal political pressures.

It may be contended that such a program is unrealistic, that there are insuperable obstacles to its realization. There are indeed obstacles and they are formidable, but they are not insuperable; they are not natural obstacles, like man's inability to fly by flapping his arms, or technological, like his momentary inability to fly a rocket ship to Mars, but psychological. If the program I recommend is unrealistic, it is unrealistic because, and only because, people think it is unrealistic.

As with most important adjustments in human affairs, the first and most important requirement toward the formation of an international fiscal system is a change in our thinking. We must learn to think of the world as a community in which the privileged accept certain responsibilities toward the underprivileged just as they do in our own country. We must develop a new idea of generosity, one which purports to help people without humiliating them, one which accepts the general advancement of the community rather than cloying expressions of gratitude as its just and proper reward.

Much will be required to accomplish

such a transformation in the meaning and purpose of foreign aid. For my own part, whenever the administration is prepared to ask for legislation authorizing the United States to participate in a program of aid to developing countries involving significantly increased amounts of money, softer lending terms and international management, I pledge to use all my resources as a Senator and as chairman of the Foreign Relations Committee to secure its enactment.

SOFT LOANS AND THE WORLD BANK

Mr. SYMINGTON. Mr. President, there has been considerable discussion in the review of this bill on the floor of the World Bank and its soft-loan window. The President of the Bank has announced that he will seek a quadrupling of the funds for his Bank's soft-loan window—the International Development Association—IDA.

It is also reported that the Bank calculates the countries desirous of receiving such soft loans can now absorb some \$3 to \$4 billion more, each year, than they are currently receiving; and based on past history we can expect that, in the not too distant future, those who now run the World Bank will be asking for additional billions.

This is a strange business.

The continuing unfavorable balance-of-payments situation in this country is becoming steadily more serious. Britain's current and fourth sterling crisis in 21 months is by far its most serious. The United States has been voting, by large majorities, to reduce its multibillion-dollar bilateral foreign aid program.

Nevertheless the head of this World Bank, an international bank that is not controlled by the United States, a bank that has a reserve surplus of nearly a billion dollars, now announces plans which can only exacerbate the growing balance-of-payments crisis in the United States by requesting this country to appropriate hundreds of millions more dollars of the American taxpayer, to be loaned out on terms which, in effect, make these loans gifts. In addition, in the future the question as to what countries will receive the money, and on what basis, will be decided by the Directors of a Bank that is uncontrolled by the United States, even though this country would be putting up far more money than any other country.

An editorial of the Sunday Star of July 24, which discusses the timing of this billion-dollar proposal, concludes:

But there also is a limit to the total aid the United States should provide annually, and a need to fix priorities. Congress can't do an intelligent job of this if the World Bank lets slip, while debate on foreign aid is nearing a climax, a whole new set of demands. We contribute 40 percent of the IDA's support. Some kind of forethought should have been given to the timing of such a major proposal.

I ask unanimous consent that this entire editorial be inserted in the RECORD at the end of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SYMINGTON. Mr. President, we are told that granting aid on a multilateral basis, instead of a bilateral basis,

would help avoid the political pitfalls inherent in a bilateral lending arrangement. But how about the economic pitfalls inherent in multilateral arrangements, pitfalls which could result from lack of control of the funds demanded and dispersed.

Because of the size and nature of this more recent decision of the World Bank, it would appear that the present management of the Bank has little concern for the current fiscal and monetary problems of the United States. This is a far cry from the days of leadership of this international bank under Eugene Black.

An article in the Washington Post of July 24 describes Secretary of the Treasury Fowler as being disturbed about the amount of new money the World Bank states it will seek.

I ask unanimous consent that this entire article be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SYMINGTON. Mr. President, part of it reads as follows:

He (Fowler) is fretting about the rising domestic budget and the worsening deficit in the American balance of payments. Fowler has indicated to Woods that he wants a chance to back out of any IDA commitment if the American payments abroad aren't in balance.

In Woods' eyes, such an uncommitted commitment would frustrate his difficult selling job with other countries. So the World Bank President is preparing a strong brief for Fowler to consider.

Woods will argue that IDA's balance-of-payments drain is small. His estimates show that 60 per cent of the American contribution comes back to the United States in the form of orders for American goods and services. Thus, a \$400 million payment to IDA should cost the American balance about \$160 million a year.

First, with respect to the strong brief that Mr. Woods is reported to be preparing for Secretary Fowler, I would hope that the Secretary himself would remember the following remarks he made to the Virginia State Bar Association, over a year ago, on July 10, 1965:

We must never forget that America's ability to succeed in its difficult and demanding role as leader of the Free World—that all the political, diplomatic and military resources at our command—depend upon a strong and stable American economy and a sound dollar.

We must never forget that our lives can be vitally affected, not only by the events in Saigon or Santo Domingo, but also by such apparently far removed occurrences as the outflow of American gold and dollars abroad.

In connection with the estimate by the World Bank that 60 percent of the American contribution to IDA comes back to the United States in the form of orders for American goods and services, I am reminded of a memorandum of the Secretary of the Treasury last February 3, which dealt with enlarging assistance through the World Bank and IDA, its soft-loan window. This memorandum stated that in the fiscal year 1967-68, U.S. procurement under the loans of these two institutions is estimated to be 25 percent.

In any case, it is interesting to note that this and other differences which have now arisen between the Secretary

of the Treasury of the United States and Mr. George Woods, the present head of this World Bank, are now being circulated in the press.

There are not always such differences, however; and in this connection, why at times is the appeal of the World Bank so irresistible? Only this past month, and despite the knowledge that, during the first 5 months of 1966, \$224 million more gold has been lost by the United States, in a period of tight money and historically high interest rates, the World Bank floated \$175 million more of its bonds in the United States market. Under the articles of the charter of the Bank, Treasury had the authority to disapprove the issue. I wish they had.

In a statement concerning this issue made on the Senate floor last June 29, I presented the fact that the principal argument now being made for the foreign aid program, and for such soft loan windows as the World Bank's IDA, had to do with the debt burden of aid-receiving countries.

At that time I said:

It is all getting to be quite interesting. The World Bank continues to make hard loans from borrowings in the United States market, which borrowings add to the dollar drain. Then later the World Bank comes out for soft loans from their soft loan window, in order to help many of these borrowers repay their World Bank obligations on what we the people had presumed was a sound hard loan. This further adds to the dollar drain.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield to my able friend from Oregon.

Mr. MORSE. I have followed the remarks of the distinguished Senator from Missouri closely, and have read through his entire speech, because he was kind enough to give me a copy of it.

I desire to associate myself with the remarks of the Senator from Missouri. The problem he raises is another reason why I shall not vote for the foreign aid bill this afternoon. I shall not vote for any foreign aid bill until this administration revises the standards and procedures of AID.

The administration has been told over and over by the Comptroller General where the wastes and the inefficiencies take place.

I heard no evidence submitted to the Committee on Foreign Relations this year that indicated that a good faith attempt has been made on the part of the AID people to stop those abuses.

This soft loan program just explained by the Senator from Missouri is another reason why I cannot vote for a foreign aid bill. Although this World Bank program is not within the foreign aid bill, it is part of a total foreign assistance program. A foreign aid bill cannot be considered alone, without taking into account the total foreign assistance program of this Government, which the estimates show, I am satisfied, is well over \$7 billion.

The taxpayers of this country put up the hard, cold cash; and then, as pointed out by the Senator from Missouri, these countries move over to the soft loan window and make these soft loans. A large percentage—well over 50 percent—of the

soft loans will never be repaid in any value to the American people.

This is another instance in which the American public continues to be taken—this time, through the soft loan window of the bank.

We have a responsibility—which we are not fulfilling—to protect the American taxpayer with respect to the money that goes out of the pockets of the American taxpayer. That is not being done when we continually add the international aid programs onto the bilateral programs.

Mr. SYMINGTON. I thank the senior Senator from Oregon for his fine contribution.

A speech the Senator made in the Senate some years ago with respect to this World Bank soft loan program is one of the reasons I became really interested in this subject.

At that time, IDA money was defended on the grounds it would be primarily used in Central and South America. Investigation at that time showed, however, that 60 percent of all IDA loans went to India, and 20 percent went to Pakistan. Actually, as of today, 78 percent of all IDA disbursements have gone to India and Pakistan.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield to the able and distinguished minority leader, who has also been interested in this subject for many years.

Mr. DIRKSEN. I believe that the distinguished Senator from Missouri is making a most important statement.

A little while ago we adopted an amendment, and in its original form was language to the effect that there should be an assessment of the role that economic assistance of the United States and other developed nations can and should play in the economic and social development of the rest of the world. That is a pretty big order. Agreement was finally reached on striking that language.

If we are to redress the grievances and ills of the entire world, we had better look out, and particularly about the stability of the dollar. In connection with a cut in this bill, I said that under the World Bank we have subscribed to over 63,000 shares, in addition to making a down payment of \$635 million, and we are still callable for nearly \$5¾ billion.

Now the President begins to explore the American market for a billion dollars in these soft loans. I have another name for it. As I look at the record, I call them concealed grants.

Mr. SYMINGTON. The able minority leader is right.

Any businessman or banker knows that a 50-year loan, without interest, and without repayment of principal for the first 10 years, is in effect a gift.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SYMINGTON. First, I would thank the able minority leader for his constructive comments.

Inasmuch as we are now spending between \$1 and \$2 billion a month in South Vietnam, it is only logical for a Senator to ask:

How can any economy, even this the greatest economy in the world continue indefinitely to defend this percentage of the free world and at the same time finances this percentage of the free world, with relatively little help from many of those countries it is spending tremendous amounts in effect to protect.

I yield to my friend the able Senator from New York.

Mr. JAVITS. Mr. President, the Senator from Missouri and I generally agree. I must enter a demurrer now, as we lawyers say, for this reason: The World Bank was a great innovation and an extremely efficient institution as far as the United States was concerned. It marshalled enormous amounts of capital from other countries in the world, whereas when I came on the scene in the late 1940's, we were carrying this load alone.

Therefore, I do not believe we should be too quick to jump with both feet on the World Bank, which has made an enviable record of performance. It is making money, as a matter of fact. As far as the hard loans are concerned, it is a most admirable institution, and it has helped us very much.

Mr. SYMINGTON. Its operations in the past are one thing, and in any case nobody is jumping on the World Bank. As Senators know, I have been apprehensive about some of this operation for many years. Nobody is jumping on the World Bank. I do say that under the management of Mr. George Woods, the bank is operating somewhat differently from the way it did under the management of Mr. Eugene Black. I refer to that in my statement.

My talk today includes an effort to question these heavy soft loan requests at the same time the bank, a nonprofit organization, does not dip into its surplus of nearly a billion dollars.

It is becoming clear, as I shall develop later in my statement, that one of the reasons, if not the chief reason, for this request for heavy additional soft loan funds is that otherwise many of the hard loans could not be paid out. I believe that that situation should be faced frankly by the management of the bank, instead of, as we say in business, putting good money after bad.

Mr. JAVITS. I wish to point out that George Woods, in my judgment, is one of the ablest bankers in the world, as was Eugene Black. Personally, I hold both in very high esteem.

As to the soft loans, I point out that when I came to the foreign aid business in the House of Representatives, in 1948, we were making grants where there are now soft loans. There is at least, as the Senator from Illinois [Mr. DIRKSEN] has said, a 50-percent chance of getting some of this money back; and 50 years is not a long time in the life of a nation.

There are excellent reasons for the need to shift more development loans from the World Bank to the International Development Association, principally because of the crushing burden on aid recipients of the mounting costs of financing their external indebtedness. In most less developed countries external debt service liabilities have increased at a considerably higher percentage rate than

exports of goods and services, gross national products, or savings. We cannot ignore the fact that a considerable part of new gross lending to developing countries today is offset by interest and amortization payments arising from lending in the past. For example, estimates of India's need for foreign exchange on her fourth development plan indicate that about one-third is needed for interest and amortization. According to estimates of CIAP, the Inter-American Committee for the Alliance for Progress, one-third of the foreign exchange deficit envisaged for Latin America is for internal use and two-thirds is to be paid back to the creditors. In many cases, increasing debt service difficulties result in the need to postpone and refinance these external debts. Argentina, Brazil, Chile, Turkey are examples of these situations.

As the Senator from Missouri knows, I am not given to empty speeches. If the Senator would allow me, I should like to submit his speech to the World Bank and request a reply. When I receive the reply, I will take the floor, and then the Senator will have the same privilege that I have, to controvert the situation as they present it.

Mr. SYMINGTON. Mr. President, an excellent idea, and let me say to the able Senator from New York that I have already submitted this to the World Bank, I shall be glad, myself, to enter any contribution from them into the RECORD.

As always, I appreciate the remarks of my friend, the Senator from New York, a thorough student of international trade.

Mr. JAVITS. I thank the Senator.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. SYMINGTON. I shall be glad to yield to my able friend from Alaska.

Mr. GRUENING. I congratulate the distinguished senior Senator from Missouri on his presentation.

Some of us have asserted for years that these soft loans, made for periods of 30, 40, and 50 years at three-quarters of 1 percent interest, and no repayment of capital for 40 years, are a fraud and a deception on the American people; that in effect they are gifts, and that the American public is taxed in a kind of concealed way to make up the difference between the cost to the American taxpayer and the terms on which we lend under the foreign aid program.

As the Senator from Oregon [Mr. MORSE] pointed out, and I share his conviction, these loans will never be repaid.

There has been much in the way of indications of that in my various investigation of the foreign aid program. Three years ago I made a study of our AID program in 10 foreign countries in the Near and Middle East, which was published in a 472-page Senate Government Operations Committee report. My report on Chile is now on every Senator's desk.

When the attention of the AID officials in a given country was called to some colossal error, some act of corruption and some great waste of money that had taken place previously, and an explanation requested the reply is always, "I was not here when that took place. That was before I got here. The records have gone

to Washington." At Washington the details were unavailable.

One can see that that is going to happen 30 years from now when those loans come due and the AID agency officials at that time, if it is still in existence, will say, "That was long before our time. We did not make that loan. Besides we cannot expect this poor country to pay this old debt." And so the loans will be written off.

That is what is going to happen. Perhaps we will do it by refunding. That is another way of evading. That has been been done with respect to Brazil. When their loans have fallen due and have been unpaid, the administration merely refunded them putting off the day of reckoning. When that day comes the loans may again not be declared in default, but they will once more be refunded. This goes on and on. Ultimately the accumulated debt will be defaulted. It is a fraud on the American taxpayer. It would be far more honest to call these loans grants, which is what they are and avoid the cost of book-keeping for repayments which will not come, except in a very few cases.

When we talk about this being a barebones bill—\$3 billion or whatever it is—it is easily one-half or less than one-half of the total amount which will be disbursed for foreign aid. In addition to these so-called loans which are nothing but gifts are all kinds of other spigots such as our major share of aid through the United Nations, and still others which I have mentioned from time to time.

I congratulate the Senator from Missouri [Mr. SYMINGTON], on bringing out the facts about our foreign aid lending. He is performing a useful service in exposing these little known aspects.

Mr. SYMINGTON. I thank the able Senator from Alaska [Mr. GRUENING] an expert in this field who has done so much fine work.

When we spoke to the Treasury about this World Bank bond issue their reply was:

The fact is that by and large the borrowers from IDA are different groups of countries. As shown on page 6 of the Bank's annual report for FY 1965, only three of the eleven countries receiving IDA financing also received World Bank loans. Where countries receive financing from both institutions, it is in accordance with an explicit objective of the Bank to provide a "blend" of funds on World Bank terms with funds on IDA terms, in order to reduce the total service burden of these resources in the future. The resources so provided are all directed toward current development purposes. This is far different from your suggestion that IDA is in effect refinancing World Bank loans.

But this Treasury comparison of the number of countries receiving both hard and soft loans in the fiscal year 1965 is not relevant. One would not expect that World Bank hard loans to such countries as Japan, Italy, Spain, Australia, and other developed countries, would be accompanied by soft loans from their soft loan window, IDA. A statement of World Bank-IDA loans through the fiscal year 1965, however, shows that several of the less-developed countries which had received large World Bank hard loan commitments also had received

a very large percentage of all IDA soft loan disbursements.

As example, the largest borrower of hard loans from the World Bank is India, with 34 commitments totaling \$1 billion. Note, however, that India has also received the bulk of World Bank soft loan assistance, 16 IDA commitments totaling \$485 million.

Pakistan is next, the beneficiary of 20 World Bank hard loan commitments totaling \$361 million, plus 17 World Bank-IDA soft loans, totaling \$270 million.

In other words, as of the end of fiscal year 1965, these two countries alone have accounted for \$1,371 million of World Bank commitments, 15.3 percent of the Bank's hard loan commitments; and \$755 million, or 69½ percent of its soft loan IDA commitments.

On a disbursement basis, the same two countries account for \$969 million, or 15 percent of the World Bank hard loan commitments, and \$323 million, or 78 percent of its soft loan commitments.

We do not mean to imply that every hard loan to a less developed country is automatically accompanied by a soft loan. But should we not ask this frank question: In the absence of further soft loans by World Bank-IDA or AID, would the World Bank hard loans to such countries as Pakistan and India be repaid?

Articles have appeared from World Bank sources about the need to increase soft loan capacity so as to relieve the debt burden of certain countries. These articles are evidence in themselves of a serious and growing question in the minds of proponents of more aid. That question is whether or not the so-called hard loans of the World Bank are as hard as once thought; and whether, accordingly, the increase in World Bank hard loan commitments can only in turn increase the pressures for World Bank soft-loan commitments.

As a result of the above, the United States may be building up a financial house of cards, wherein hard loans to less developed countries, lacking foreign exchange and suffering from stagnating exports, result in a continuing and possibly increasing need for soft loan aid. Let us note in passing that, despite unprecedented prosperity in most of the other developed countries, only the United States appears willing to provide this soft loan aid on any substantial scale.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. SYMINGTON. I am glad to yield to the able Senator from Oregon.

Mr. MORSE. Mr. President, we cannot have it done this afternoon, but I think it is important that we have an answer: I am going to ask to have counsel for the Committee on Foreign Relations prepare a memorandum to obtain it for us. I think that we need to know the answer to the point which the Senator from Missouri [Mr. SYMINGTON] has just made when he said:

Let us note in passing that, despite unprecedented prosperity in most of the other developed countries, only the United States

appears willing to provide this soft loan aid on any substantial scale.

I shall ask the counsel for the committee to prepare for us a table analysis showing the contributions to IDA and the bilateral soft loans made by other countries in comparison with hard loans, and also to prepare the same information with respect to the United States.

I fear we will find that under the semantic word "loan" the United States is pouring out millions of dollars under the representation that we are making a loan, when, in fact, it is a grant, and in fact it is not coming back. I should be surprised if as much as 15 percent is ever returned to the American taxpayers in hard coin for the millions and millions of dollars that we are spending.

As long as we have this kind of financial program through international banks, we cannot justify voting for a bilateral foreign aid bill on top of it, and I am not going to do it.

Mr. SYMINGTON. I thank the Senator for his contribution. In that connection, the other evening I again read a book published in 1938 by Judge Thurman Arnold entitled "The Folklore of Capitalism." In that book the famous judge gave charts on the total amount of bonds issued by American investment houses to certain parts of the world in the period between the First World War and the Second World War; and the recovery therefrom.

I would say to the Senator from Oregon [Mr. MORSE] that his remarks and estimates about the amount that will be recovered are verified by what happened to those other bonds discussed in Judge Arnold's book. It turned into a capital levy on a good many American people.

We are told that the foreign assistance program is essential to U.S. security and national interests. We are also reminded that no steps will be taken to solve our balance-of-payments problem in any way which would injure the broader economic interest of the world community.

But other developed countries do not feel any comparable responsibility for the economic interests of the world community, any more than they feel a necessity to assume what we believe is their fair share of the cost of defending the free world. Instead they continue their unilateral efforts toward prosperity; and continue to receive gold from the United States.

As a result, over the last 10 years all the developed countries except the United States have heavily increased both their gold stocks and their total reserves. The United States on the other hand, during the same period, has lost over 45 percent of its gold, with comparable losses in reserves; and has increased, by over 400 percent, its current obligations abroad which it guarantees to redeem, upon call, in gold.

The lending commitments of the World Bank are now more than double the available financial resources of that Bank. But under the Bank's present management, lending has been increasing steadily. This concerns us. Under

present fiscal and monetary circumstances, would it not be logical for the Bank to reduce, instead of increase, its commitments? This would be but comparable to the request made by this administration to private investors in connection with the voluntary restraint program.

The Treasury Department justifies its approval of this recent World Bank bond issue on the grounds the money would affect the balance of payments only when disbursed, and then only to the extent used to finance purchases outside of the United States. But U.S. procurement under World Bank disbursements has been declining steadily over the years, reaching a low of 21 percent in the fiscal year 1965. Further, are we so sure of success in balancing our payments by 1968 that holding off the use of the funds until then was a satisfactory condition on which Treasury could rely for approval of the issue.

Is it not clear that this sudden sharp push toward greater multilateral lending is a push toward an overall increase in foreign aid for debt servicing?

I am convinced that the United States should demonstrate, in more concrete fashion, concern for its own international financial position from the standpoint of the value of the dollar; because in the long run, the security as well as the prosperity of the free world depends a lot on that value.

We should insist on arrangements with the international lending agencies that are designed to prevent a dollar drain during this period in which we are suffering continuous balance of payments difficulties.

In the early years of World Bank operations, when the European countries had serious balance of payments problems, the Bank did not insist that the Europeans pay in even their commitments to capital subscriptions of the Bank, nor did the Bank float its bonds in Europe during that period. This was appropriate recognition of the balance of payments difficulties of the European governments immediately after the war.

All we are asking is that under the present circumstances when the United States is suffering from payments difficulties, we should expect and receive comparable treatment.

Ever since the end of World War II, for over 20 years, the United States has followed the New Testament precept that it is more blessed to give than to receive, to the point where our money is now beginning to run out.

There are some who do not agree, and who insist that it is the duty of the United States to continue to finance so much of the free world, at the same time it defends most of the free world.

As we view such problems as our inadequate educational facilities, the poverty of Appalachia, and the explosions caused by poverty and unemployment in our cities, let us also remember an even earlier observation made by the Roman Playwright Terence, "Charity begins at home."

EXHIBIT 1

[From the Sunday Star, July 24, 1966]

UPPING THE ANTE

There was a curious and unfortunate timing in the recent news leak that the World Bank is seeking a fourfold increase in contributions from member nations.

This huge new amount, which will total \$1 billion a year, is destined to go to a subsidiary, the International Development Association, which makes long-term loans at extremely low interest rates to backward nations.

There is no doubt that these countries can use bigger injections of money. The economic progress of many, particularly the fledgling African nations, has been discouragingly slow. The World Bank in fact thinks they could absorb up to \$4 billion more than what they're now receiving annually and put it to productive use.

But it remains a strange coincidence that an official waited until our foreign aid bill was so far along in its annual pilgrimage through Congress before unloading this blockbuster, for the issues raised have a very pertinent bearing on our aid program.

Under the proposal, Uncle Sam's contribution to the IDA would rise from \$100 million to \$400 million a year. Lawmakers might well ask why this couldn't have been taken into account in determining our own aid bill, since it will fulfill one of the aid program's own purposes, namely, long term loans at low rates to developing countries.

The emphasis in IDA loans of course is on projects such as power plants, whereas our loans tend nowadays to go for commodities bought from the United States. And it also is true that there is room for both types of help.

But there also is a limit to the total aid the United States should provide annually, and a need to fix priorities. Congress can't do an intelligent job of this if the World Bank lets slip, while debate on foreign aid is nearing a climax, a whole new set of demands. We contribute 40 percent of the IDA's support. Some kind of forethought should have been given to the timing of such a major proposal.

EXHIBIT 2

[From the Washington Post, July 24, 1966]

DESPITE AID CUTS, WORLD BANK SEEKS QUADRUPLED OF LOAN FUND

(By Bernard D. Nossiter)

George Woods, the practical visionary who runs the World Bank, has an audacious sense of timing.

At almost the very moment when the Senate was whittling down the foreign aid bill, Woods proposed that the United States and other rich nations quadruple their contributions to the Bank's soft-loan affiliate.

Instead of the \$250 million that the rich have been giving each year to the International Development Association, Woods asked them for \$1 billion a year.

He tells visitors that he is not star gazing, that his figure is not inflated for bargaining purposes. Anything less, he insists, ignores the dimensions of the development problem.

As he told a meeting of aid-giving nations here last week, the greatest threats to "international tranquility and order" are not the problems now engrossing Western, foreign, finance and trade ministers. These ministers are worrying about international monetary reform, NATO and the Kennedy Round. But in Woods' view, bargaining among the rich about the difficulties of the rich ought not to be the central concern.

"The real and present danger," he said, is that "a large part of humanity will remain on the ragged edge of subsistence" unless "concerted and adequate help" is given.

Although he was addressing all the big aid givers, Woods' biggest immediate problem is the United States. Other nations won't

move to replenish IDA's coffers until they know how much Washington will put up.

If the United States maintains its present share of the IDA load, the annual American contribution would come to \$400 million under Woods' plan.

This amount disturbs Secretary of the Treasury Henry Fowler. He is fretting about the rising domestic budget and the worsening deficit in the American balance of payments. Fowler has indicated to Woods that he wants a chance to back out of any IDA commitment if the American payments abroad aren't in balance.

In Wood's eyes, such an uncommitted commitment would frustrate his difficult selling job with other countries. So the World Bank President is preparing a strong brief for Fowler to consider.

Woods will argue that IDA's balance of payments drain is small. His estimates show that 60 per cent of the American contribution comes back to the United States in the form of orders for American goods and services. Thus, a \$400 million payment to IDA should cost the American balance about \$160 million a year.

Secondly, Woods will say that he doesn't need any money budgeted for IDA for three more years. Thus, Fowler would have to reply that the balance of payments will still be unbalanced so drastically three years hence that \$160 million would be too painful a loss.

Even if Woods wins an American pledge, his problems are far from over. The other major aid givers are unenthusiastic about increasing IDA's funds.

Woods knows all this as well as anybody. But almost with a sense of resignation, he believes his job now is to press home the size of the problem and let the aid givers decide whether they are serious about meeting it.

Mr. FULBRIGHT and Mr. SALTONSTALL addressed the Chair.

Mr. SYMINGTON. I yield to my able colleague from Massachusetts.

Mr. SALTONSTALL. I have listened most carefully to what the Senator has just said. It has been most informative and educational, and I commend the Senator very highly.

Let me ask the Senator if it is a fair statement to say that he believes the World Bank today should confine its loans to a greater degree to hard loans; that if it goes into the soft loan business, it should go on a multilateral basis, rather than a bilateral basis; is that not a fair statement?

Mr. SYMINGTON. First, I thank the able Senator for his kind remarks. I would hope that at this time, when we are urging our private investors to reduce their investments in Europe, that when we put out World Bank bonds they not be placed for sale in the New York market, in direct competition with the already extremely difficult problem American business is having today in borrowing, primarily because of the very high interest rates.

These are Triple A bonds. There is no difficulty whatever in selling them; therefore there is no necessity for putting them out in New York, paying brokers fees to sell them. If they must be sold, why not sell them where the money is going, abroad. If that is not agreeable, why not sell them direct? Again, they are Triple A.

In any case, I do not see why the Government takes one position with respect to our private sector businessmen and

investors, and another position with respect to the operations of the World Bank.

It actually is a Government program, because these bonds could have been sold only with the approval of the United States Treasury. I presented this to the Secretary of the Treasury, what I am presenting to the Senate today. I said I was distressed that the sale of \$175 million bonds in the New York market, under these interest rate conditions, was approved by the Treasury.

So much for hard loans. As to soft loan situation as my able friend from Oregon [Mr. MORSE] knows—who has made a detailed study of this—the reason the soft loan idea is now in such vogue is that it is the only way many of these hard loans can be repaid.

We all know conditions in some of the countries which have received heavy aid from the United States in recent years. One country owes over \$700 million in hard loans to the World Bank. The only way that country can repay hard loans is to have the United States put up more money in the way of soft loans.

Does that answer the able Senator's question?

Mr. SALTONSTALL. I thank the Senator for his comments, but what I had in mind was that in listening to him, and also to the Senator from Arkansas [Mr. FULBRIGHT], if I heard him correctly, the soft loan business is really, in substance, pretty nearly aground, so that if we are going to go into that business we should go into it on a multilateral basis. The difficulty, as I see it, from a multilateral point of view is that we would lose control, as the Senator said, of the undertaking.

Mr. SYMINGTON. We would lose control. The Senator is correct. In effect, it would be a grant. In fact, it would be better to give it as a grant because if we take all the bureaucratic expenses incident to following a loan for 50 years, with no interest and no repayment of principal for 10 years, the taxpayers would actually be better off if we simply gave them the money and forgot it.

That was pointed out by a former head of the AID program, who once said that when we shifted much of that program into loans in AID, we made AID the biggest bank in the free world, but there were very few people in the agency who had had banking experience. Grants would be better, in my opinion, than such a continuation of soft loans.

Mr. FULBRIGHT. Mr. President, I want to say just a brief word, as I do not wish to let pass this reflection upon what I believe is about the only effective development assistance institution now operating in the international arena, and which has, so far, been free of any serious faults. It has done an extremely good job, made a great deal of money, and has been operated efficiently.

I think that George Woods is one of the ablest bankers and one of the most imaginative financial men in the United States today. I do not quite know why the Bank has suddenly become the object of this criticism. I think that the bank, as well as IDA, is one of the best bargains we have. It now contributes only

42 percent, on the average, of IDA's funds. There have been some new members to come in. I think that the Bank officials do an extraordinarily good job and I would hope that all our financial investments for development purposes could be made through these or similar organizations.

All I want to say is that I think Mr. George Woods is an extremely able man, as was Mr. Eugene Black.

Mr. President, I do not want to delay the passage of this extremely troublesome bill before us, so I shall not pursue this matter further at this time, but I hope at a later time to have something more to say about the operations of IDA, the Bank, and the IFC. The World Bank is truly a multilateral organization and deserves our support.

I hope the criticisms will not be taken too seriously at this stage, until we have had an opportunity to go further into the matter.

Mr. SYMINGTON. Mr. President, with all due respect to my able chairman, for whom I have the greatest respect and know he speaks with sincerity, I am not criticizing Mr. George Woods in any way. I am sure he is a man of high caliber, and an able banker. But if I criticize a policy he has put in effect, it is surely not only my right but my duty—

Mr. FULBRIGHT. I was not criticizing the Senator. Of course he has a right to say what he likes. I did not want the RECORD to stand—and this statement was being made as though there was something wrong with the World Bank—without replying. I believe that the Bank conducts an excellent operation. I know of few mistakes it makes.

I am completely in accord with what the Senator from Missouri said about the problem of our balance of payments.

This problem arises because of the failure of our own policies. When we become involved in a war which is costing us \$2 billion a month, I do not think IDA should be blamed for the difficulties this creates for balance of payments. The imbalance in tourism causes a far greater problem in our balance of payments than our contribution to IDA does. Look at the way the trade balance is going. IDA plays a very small part in the balance-of-payments problem.

Mr. SYMINGTON. I was not talking as much about the contributions the World Bank has made with respect to our continuing unfavorable balance of payments as I am about the soft loans and the increase in those type loans which I believe have been made against the best interest of American taxpayers.

This is no sudden position on my part. I have been discussing it on the floor of the Senate as my colleagues know, for months and years.

Mr. FULBRIGHT. The Senator has talked about the balance of payments. This is the first time I have heard the Senator talk about the World Bank.

Mr. SYMINGTON. I have expressed myself many times about the World Bank and its soft window, IDA. The two institutions have the same President and the same Board of Directors. I would not want the American people to think they are two entirely different organizations.

I have become convinced that the soft loan activities of the World Bank, through IDA, are being increased to insure payment of the World Bank hard loans, which otherwise would not be paid out because the countries in question just do not have the money.

There is another point I would make before yielding the floor. As to the AID agency, we decided that here. As far as IDA is concerned once we agree to participate in the soft loans, our vote as to what is done with these IDA funds is 26.3 percent, as against our 100 percent right of decision in connection with AID funds appropriated by the Congress.

Mr. TOWER. Mr. President, this year's foreign aid bill has many improvements over foreign aid bills of recent years. For the first time in the contested and somewhat muddled history of the U.S. foreign assistance programs, there is evidence of a considerably more realistic approach toward the feasibility of giving away huge sums of money.

I am particularly pleased to note the determination of this body to exercise an annual review over the vast majority of the programs created by the bill. We cannot delegate away our duty to the American taxpayer in this area. We must continue to scrutinize closely the administration of the foreign aid program so that we may determine if it is accomplishing the goals for which it was intended. And, Mr. President, in fulfilling our obligation, we must have the courage to admit our errors and to eliminate the unworkable parts of the program when commonsense and clear facts tell us that our plans have gone awry. The retention of our annual review over the bulk of the foreign aid program is a necessary precondition to a realistic and effective program.

May I say that I believe it most significant that the Senate modified its annual-review position to allow 2-year planning of Alliance for Progress programs. In the past, the Alliance has suffered severely from a proliferation of socialistic programs in areas where private enterprise might better have served. But the Alliance is such an important part of our worldwide effort that it deserves special attention.

My own State has special ties to Latin America, and Texans are especially desirous of seeing the Alliance improved and successful. By its action the Senate has served notice that it, too, regards the Alliance as of extraordinary significance. We now hope that the administrators will give it the extra attention the Senate deems wise.

I also am pleased that the military and economic assistance sections of the foreign aid bill have been separated. I have felt for several years that economic aid and military assistance could be more rationally considered by Congress as separate measures.

I may say that the assistance, both military and economic, which I have seen being applied in southeast Asia has been unusually well administered. Despite some very difficult burdens and some losses to blackmarketeers and corrupt officials our aid to South Vietnam has been making a major contribution to our efforts to achieve stability and peace in

Asia. This is an example of U.S. aid skillfully and effectively applied. With a little tightening of security precautions, this will be the showplace of how foreign aid may best be used to further American foreign policy and national security.

Perhaps the most important improvement in this year's foreign aid bill over those of previous years is the significant cut, authorized by the Senate, in the total amount of aid to be included in the program. The amendment submitted by the distinguished and able Senator from Illinois will do much to reassure the American taxpayer that his money is not being thrown away and unnecessarily wasted in a time of pressing domestic inflation.

All too often we forget the taxpayers when we consider foreign aid; we forget that the money for our grand plans and projects must come out of the pockets of millions of hard-working Americans. Too often we forget that the taxpayer might not approve of a wasteful and inefficient aid program just because "we need to do something." With a smaller amount of money with which to work and a limited number of countries eligible to receive aid, we can hope that the administrators of the foreign aid program will at last abandon the scattergun approach to economic and military assistance.

I have long been a critic of this scattergun approach to foreign aid. I have argued on many occasions that our foreign aid funds should be used on a more selective basis, that we not contribute to the building of socialistic governments or socialistic schemes abroad.

Yes, Mr. President, this year's foreign aid bill is an improvement, a step in the right direction. But it is not a large enough step. We have only begun to move in the direction of an effective foreign aid policy. I look forward to the day when we will start with a very minimal amount of money in our plan and add to it when proposed projects are worthy of the support of the American taxpayer.

Under the present system, we start with a large sum of money and whittle away at it, placing the burden of proof upon those who seek to insure an effective program by eliminating unwise projects. This is not right. Those seeking funds should be required to show the worth of their plan and then, and only then, should they receive the funds to carry it out.

I must withhold my support from this bill. I cannot be satisfied with a token gesture or even with one step toward the goal of a sound and effective foreign aid program. My duty as a U.S. Senator to my constituents and all other Americans who must pay for our foreign aid programs forces me to say "No" to any bill which does not weed out all the weaknesses and waste which have for so long been a part of our aid programs.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Arizona [Mr. HAYDEN], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I further announce that if present and voting, the Senator from Indiana [Mr. BAYH] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 66, nays 27, as follows:

[No. 159 Leg.]

YEAS—66

Aiken	Hickenlooper	Montoya
Anderson	Hill	Morton
Bartlett	Holland	Moss
Boggs	Inouye	Mundt
Brewster	Jackson	Muskie
Byrd, W. Va.	Javits	Nelson
Cannon	Kennedy, Mass.	Neuberger
Case	Kennedy, N.Y.	Pastore
Church	Kuchel	Pell
Clark	Lausche	Prouty
Cooper	Long, Mo.	Proxmire
Dirksen	Long, La.	Randolph
Dodd	Magnuson	Ribicoff
Dominick	Mansfield	Saltonstall
Douglas	McCarthy	Scott
Fong	McGee	Smathers
Fulbright	McGovern	Smith
Gore	McIntyre	Sparkman
Griffin	Metcalf	Tydings
Gruening	Miller	Williams, N.J.
Harris	Mondale	Yarborough
Hart	Monroney	Young, Ohio

NAYS—27

Bennett	Fannin	Russell, Ga.
Bible	Hartke	Simpson
Burdick	Hruska	Stennis
Byrd, Va.	Jordan, N.C.	Symington
Cotton	Jordan, Idaho	Talmadge
Curtis	Morse	Thurmond
Eastland	Murphy	Tower
Ellender	Robertson	Williams, Del.
Ervin	Russell, S.C.	Young, N. Dak.

NOT VOTING—7

Allott	Carlson	McClellan
Bass	Hayden	Pearson
Bayh		

So the bill (H.R. 15750), as amended, was passed.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that, in the engrossment of the Senate amendment to H.R. 15750, the Secretary of the Senate be authorized to make technical corrections.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist upon its amendments and ask for a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Messrs. FULBRIGHT, SPARKMAN, MANSFIELD, MORSE, GORE, HICKENLOOPER, AIKEN, and CARLSON conferees on the part of the Senate.

Mr. FULBRIGHT. Mr. President, I move that further consideration of S. 3584 be indefinitely postponed.

The motion was agreed to.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

On request of Mr. MANSFIELD, and by unanimous consent, the Subcommittee on Housing of the Committee on Banking and Currency and the Committee on Finance were authorized to meet during the session of the Senate tomorrow.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare be permitted to meet during the session of the Senate tomorrow afternoon, beginning at 1:30 p.m., to consider the airline situation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Subcommittee on Constitutional Rights of the Committee on the Judiciary be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 11 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1323, S. 3583.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3583) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LAUSCHE. Mr. President, respecting the military assistance bill, which is now before the Senate, I have pending an amendment the substance of which I wish to call to the attention of Senators.

Mr. PASTORE. Mr. President, may we have order? We are in a state of confusion.

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats.

The Senator may proceed.

Mr. LAUSCHE. Until now, the military assistance program placed a limitation of \$55 million on the quantity of military grants that we could make to the

19 Latin-American countries. That is, grants in excess of \$55 million could not be made.

The bill as reported by the committee would change the present law, to provide that the limitation of \$55 million on grants shall also apply to sales. Thus the language of the bill, as reported, reads:

The total value of military assistance and sales . . . under this Act . . . for American Republics in each fiscal year shall not exceed \$55 million.

This applies to both grants and sales. I think that the recommendation of the committee is wrong. The \$55 million at present applies to grants. If this recommendation is accepted, the Department will be permitted to make \$55 million in grants. Beyond that, the Latin American countries, if they wish to buy, will go to Britain, Germany, France, or even perhaps Russia.

My amendment contemplates striking out the word "sales."

If my amendment is agreed to, the limitation will be \$55 million in military grants. Beyond that, our Government will be able to negotiate as to whether sales shall or shall not be made.

I call that to the attention of the Senate. I do not intend to call up my amendment tonight.

For those who want to acquaint themselves with what the Department has said about the matter, I recommend that they read page 674 of the transcript of hearings. That is a full explanation of the position of the Department of Defense on the subject.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, the statement just made by the Senator from Ohio concerns a very controversial issue. I do not believe that we want to pursue it at this time.

I wish to make a brief statement regarding the bill. One thing I want to say is that sales of military materials may be made in the regular course of business without regard to the limitation in the bill. There is no prohibition against our selling on a straight commercial basis. The provision in the bill simply means that sales under the credit program of the act will count against the \$55 million ceiling.

The countries of Latin America can still buy anywhere they like, in this country or anywhere else. The fact is that these countries cannot afford to buy without credit assistance. They buy, but they really should not. That is what the committee found and is part of the basis for this amendment. However, I should like to discuss this amendment a little later.

Mr. LAUSCHE. Mr. President, we can discuss it later. That is not the language of the bill. The language says that we shall not make grants and sales in excess of \$55 million.

Mr. FULBRIGHT. They cannot do so under the terms of this act. There is nothing in here to prevent them from buying from Du Pont or anyone else.

This merely means that the credit terms under this act would not be available after the \$55 million limit is reached. That is what it means.

H. R. 15750

Ordered to be printed with the amendment of the Senate

gress that the President should keep the Congress fully and currently informed with respect to those countries receiving such assistance which do divert their own economic resources for such propaganda purposes.”

(b) In the last paragraph, immediately before the period at the end thereof, insert the following: “and to provide adequate compensation for such damage or destruction”.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201(b), which relates to general authority, is amended by inserting after the second sentence thereof the following new sentence: “In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.”

(b) Section 202(a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out “\$1,200,000,000” and all that follows down through “succeeding fiscal years” and insert in lieu thereof “\$1,000,000,000 for each of the fiscal years 1967 through 1971”.

1 (2) In the second proviso, strike out "June 30, 1965,"
2 and June 30, 1966" and insert in lieu thereof "June 30,
3 1967, through June 30, 1971".

4 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
5 GRANTS

6 SEC. 103. Title II of chapter 2 of part I of the Foreign
7 Assistance Act of 1961, as amended, which relates to tech-
8 nical cooperation and development grants, is amended as
9 follows:

10 (a) Section 211, which relates to general authority, is
11 amended by adding at the end thereof the following new
12 subsection:

13 “(d) Not to exceed \$10,000,000 of funds made avail-
14 able under section 242, or under section 252 (other than
15 loan funds), may be used for assistance, on such terms and
16 conditions as the President may specify, to research and
17 educational institutions in the United States for the purpose
18 of strengthening their capacity to develop and carry out
19 programs concerned with the economic and social develop-
20 ment of less developed countries.”

(b) section 212, which relates to authorization, is amended by striking out all after "President for" and inserting in lieu thereof "each of the fiscal years 1967 and 1968 to carry out the purposes of section 211 not to exceed

1 ~~\$231,310,000.~~ Amounts appropriated under this section are
2 authorized to remain available until expended."

3 ~~(c)~~ Section 214, which relates to American schools and
4 hospitals abroad, is amended as follows:

5 ~~(1)~~ In subsection ~~(b)~~, strike out "to hospitals outside
6 the United States founded or sponsored by United States
7 citizens and serving as centers for medical education and
8 research" and insert in lieu thereof "to institutions referred
9 to in subsection ~~(a)~~ of this section, and to hospital centers
10 for medical education and research outside the United States,
11 founded or sponsored by United States citizens".

12 ~~(2)~~ In subsection ~~(c)~~, strike out all after "this section,
13 for" and insert in lieu thereof "each of the fiscal years 1967
14 and 1968 not to exceed \$10,989,000. Amounts appropri-
15 ated under this subsection are authorized to remain available
16 until expended."

17 ~~(3)~~ At the end thereof, add the following new sub-
18 section:

19 ~~"(d)~~ There is authorized to be appropriated to the
20 President for the purposes of section 214 ~~(b)~~, in addition to
21 funds otherwise available for such purposes, for the fiscal
22 year 1967, \$1,000,000 in foreign currencies which the
23 Secretary of the Treasury determines to be excess to the
24 normal requirements of the United States."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$8,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1970".

(b) Section 221(c), which relates to limitations on investment guaranties, is amended by striking out "twenty years" and inserting in lieu thereof "thirty years".

(c) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing guaranteed under section 221(b)(2) or section 224, the

1 Administrator of the Agency for International Development
2 shall prescribe the rate of interest allowable to the eligible
3 United States investor, which rate shall not be less than one-
4 half of 1 per centum above the then current rate of in-
5 terest applicable to housing mortgages insured by the De-
6 partment of Housing and Urban Development. In no event
7 shall the Administrator prescribe an allowable rate of in-
8 terest which exceeds by more than 1 per centum the then
9 current rate of interest applicable to housing mortgages in-
10 sured by such Department."

11 (d) Section 224, which relates to housing projects in
12 Latin American countries, is amended as follows:

13 (1) In subsection (b)(1), strike out "Federal Hous-
14 ing Administration" and insert in lieu thereof "Department
15 of Housing and Urban Development".

16 (2) In subsection (c), strike out "\$400,000,000" and
17 insert in lieu thereof "\$500,000,000: *Provided, That* \$350,-
18 000,000 be used for the purposes of section 224(b)(1)".

19 (3) In the last proviso of subsection (c), strike out
20 "1967" and insert in lieu thereof "1970".

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251(b), which relates to general authority, is amended by inserting immediately after the third sentence thereof the following new sentence: "In carrying out this title, the President shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "each of the fiscal years 1967 through 1971, \$850,000,000, which amounts are authorized to remain available until expended and which, except for \$150,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 through 1971".

1 (3) In the last sentence, strike out "June 30, 1965
2 and June 30, 1966" and insert in lieu thereof "June 30,
3 1967, through June 30, 1971".

4 ~~TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND~~
5 ~~REGIONAL PROGRAMS~~

6 SEC. 106. Chapter 2 of part I of the Foreign Assistance
7 Act of 1961, as amended, is amended by adding at the end
8 thereof of the following new titles:

9 ~~“TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND~~
10 ~~REGIONAL PROGRAMS~~

11 “SEC. 271. GENERAL PROVISIONS.—The acceleration
12 of social and economic progress in southeast Asia is important
13 to the achievement of the United States foreign policy
14 objectives of peace and stability in that area. It is
15 the sense of Congress that this objective would be served
16 by an expanded effort by the countries of southeast Asia and
17 other interested countries in cooperative programs for social
18 and economic development of the region, employing both
19 multilateral and bilateral channels of assistance.

20 “SEC. 272. SPECIAL PROVISIONS.—In providing as-
21 sistance to further the purposes of this title the President
22 shall take into account—

23 “(1) initiatives in the field of social and economic
24 development by Asian peoples and institutions;

“(2) regional economic cooperation and integration in southeast Asia;

“(3) the extent of participation by other potential donor countries;

“(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

“(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, and efficiently, and economically.

“SEC. 273. AUTHORIZATION.—The President is authorized to utilize funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

“TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

“SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the en-

1 encouragement of democratic private and local governmental
2 institutions.”

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS
4 AND PROGRAMS

5 SEC. 107. Chapter 3 of part I of the Foreign Assistance
6 Act of 1961, as amended, which relates to international
7 organizations and programs, is amended as follows:

8 (a) Section 301(a), which relates to general authority,
9 is amended by inserting immediately after “by such orga-
10 nizations” the following: “, and in the case of the Indus
11 Basin Development Fund administered by the International
12 Bank for Reconstruction and Development to make grants
13 and loans payable as to principal and interest in United
14 States dollars and subject to the provisions of section
15 201(d),”.

16 (b) Section 301(b), which relates to general authority,
17 is amended by striking out “United Nations Expanded Pro-
18 gram of Technical Assistance and the United Nations Spe-
19 cial Fund” and inserting in lieu thereof “United Nations
20 Development Program” and by adding at the end thereof the
21 following new sentence: “The President shall seek to assure
22 that no contribution to the United Nations Development
23 Program authorized by this Act shall be used for projects for
24 economic or technical assistance to the Government of Cuba,
25 so long as Cuba is governed by the Castro regime.”

1 ~~(c)~~ Section 301(c), which relates to assistance for
2 Palestine refugees in the Near East, is amended by striking
3 out the last sentence and inserting in lieu thereof the follow-
4 ing: "Contributions by the United States for the fiscal year
5 1967 shall not exceed \$13,300,000. No contributions under
6 this subsection shall be made except on the condition that
7 the United Nations Relief and Works Agency take all pos-
8 sible measures to assure that no part of the United States
9 contribution shall be used to furnish assistance to any refugee
10 who is receiving training as a member of the so-called Pales-
11 tine Liberation Organization."

12 ~~(d)~~ Section 301 is amended by adding at the end thereof
13 the following new subsection:

14 "~~(d)~~ The President shall seek to assure that no pay-
15 ment or contribution by the United States to the United
16 Nations or to any agency or activity thereof shall be used for
17 any program or activity which is contrary to the policies
18 of the United States."

19 ~~(c)~~ Section 302, which relates to authorization, is
20 amended to read as follows:

21 "SEC. 302. AUTHORIZATION.—(a) There is author-
22 ized to be appropriated to the President for grants to carry
23 out the purposes of this chapter, in addition to funds avail-
24 able under any other Act for such purposes, for each of the
25 fiscal years 1967 and 1968 not to exceed \$140,433,000.

1 “(b) There is authorized to be appropriated to the
2 President for loans for Indus Basin Development to carry
3 out the purposes of this chapter, in addition to funds available
4 under this or any other Act for such purposes, for use begin-
5 ning in the fiscal year 1968, \$51,220,000.

6 “(c) There is authorized to be appropriated to the
7 President, for the fiscal year 1967, \$1,000,000 for contribu-
8 tions to the United Nations Children’s Fund during the
9 calendar year 1967. Funds made available under this sub-
10 section shall be in addition to funds available under this or
11 any other Act for such contributions and shall not be taken
12 into account in computing the aggregate amount of United
13 States contributions to such fund for the calendar year 1967.

14 “(d) None of the funds available to carry out this
15 chapter shall be contributed to any international organization
16 or to any foreign government or agency thereof to pay the
17 costs of developing or operating any volunteer program of
18 such organization, government, or agency relating to the
19 selection, training, and programing of volunteer manpower.”

20 CHAPTER 4—SUPPORTING ASSISTANCE

21 SEC. 108. Section 402 of the Foreign Assistance Act
22 of 1961, as amended, which relates to authorization for sup-
23 porting assistance, is amended to read as follows:

24 “SEC. 402. AUTHORIZATION.—There is authorized to

1 be appropriated to the President to carry out the purposes
 2 of this chapter for each of the fiscal years 1967 and 1968 not
 3 to exceed \$200,000,000. In addition, there is authorized
 4 to be appropriated to the President for use in Vietnam in
 5 each of the fiscal years 1967 and 1968 to carry out the
 6 purposes of this chapter not to exceed \$550,000,000:
 7 *Provided*, That where commodities are furnished on a grant
 8 basis under chapter 4 of part I under arrangements which
 9 will result in the accrual of proceeds to the Government of
 10 Vietnam from the sale thereof, such proceeds shall not be
 11 budgeted by the Government of Vietnam for economic
 12 assistance projects or programs unless the President or his
 13 representative has given his prior written approval.
 14 Amounts appropriated under this section are authorized to
 15 remain available until expended."

16 CHAPTER 5—CONTINGENCY FUND

17 SEC. 109. Section 451 of the Foreign Assistance Act of
 18 1961, as amended, which relates to contingency fund, is
 19 amended as follows:

20 (a) In subsection (a), strike out "the fiscal year 1966"
 21 and insert in lieu thereof "each of the fiscal years 1967 and
 22 1968" and strike out the last sentence.

23 (b) In subsection (b), strike out "the first sentence of".

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504(a), which relates to authorization, is amended to read as follows:

“(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$917,000,000 for each of the fiscal years 1967 and 1968. Amounts appropriated under this subsection are authorized to remain available until expended.”

(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

“(c) No assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials,

1 facilities, and services for the common defense including in-
 2 ternal security, in accordance with the provisions of section
 3 104(e) of such title I."

4 ~~(c)~~ Section 508, which relates to reimbursements, is
 5 amended by adding at the end thereof the following new
 6 sentence: "Such amounts of the appropriations made avail-
 7 able under this part ~~(including unliquidated balances of funds~~
 8 heretofore obligated for financing sales and guarantees) as
 9 may be determined by the President shall be transferred to,
 10 and merged with, the separate fund account."

11 ~~(d)~~ Section 510(a), which relates to special authority,
 12 is amended as follows:

13 ~~(1)~~ In the first sentence, strike out "the fiscal year
 14 1966" and insert in lieu thereof "each of the fiscal years
 15 1967 and 1968".

16 ~~(2)~~ In the second sentence, strike out "the fiscal year
 17 1966" and insert in lieu thereof "each fiscal year".

18 ~~(c)~~ Section 512, which relates to restrictions on mili-
 19 tary aid to Africa, is amended by striking out "fiscal year
 20 1966" and inserting in lieu thereof "each fiscal year".

21 ~~(f)~~ at the end of such chapter 2, add the following
 22 new section:

23 "SEC. 514. ADMINISTRATION OF SALES AND EX-
 24 CHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND
 25 SERVICES.—Programs for the sale or exchange of defense

1 articles or defense services under this chapter shall be ad-
2 ministered so as to encourage regional arms control and dis-
3 armament agreements and so as to discourage arms races.”

4 PART III

5 CHAPTER 1—GENERAL PROVISIONS

6 SEC. 301. Chapter 1 of part III of the Foreign Assist-
7 ance Act of 1961, as amended, which relates to general
8 provisions, is amended as follows:

9 (a) Section 601, which relates to encouragement of
10 free enterprise and private participation, is amended as
11 follows:

12 (1) In subsection (b), immediately after paragraph
13 (1), insert the following new paragraph:

14 “(2) establish an effective system for obtaining
15 adequate information with respect to the activities of,
16 and opportunities for, nongovernmental participation in
17 the development process, and for utilizing such informa-
18 tion in the planning, direction, and execution of programs
19 carried out under this Act, and in the coordination of
20 such programs with the ever-increasing developmental
21 activities of nongovernmental United States institu-
22 tions;”.

23 (2) In subsection (b), redesignate paragraphs (2),

1 ~~(3), (4), (5), and (6)~~ as paragraphs ~~(3), (4), (5),~~
2 ~~(6), and (7),~~ respectively.

3 ~~(3)~~ In subsection ~~(b),~~ strike out “and” at the end
4 of paragraph ~~(6),~~ as so redesignated by paragraph ~~(2)~~ of
5 this subsection; strike out the period at the end of paragraph
6 ~~(7),~~ as so redesignated by paragraph ~~(2)~~ of this subsection,
7 and insert in lieu thereof a semicolon; and at the end thereof
8 add the following new paragraph:

9 “~~(8)~~ utilize the services of United States private
10 enterprise on a cost-plus incentive fee contract basis to
11 provide the necessary skills to develop and operate a
12 specific project or program of assistance in a less de-
13 veloped friendly country or area in any case in which
14 direct private investment is not readily encouraged, and
15 provide for the transfer of equity ownership in such
16 project or program to private investors at the earliest
17 feasible time.”

18 ~~(4)~~ Subsection ~~(c)~~ is amended to read as follows:

19 “~~(c)-(1)~~ There is hereby established an International
20 Private Investment Advisory Council on Foreign Aid to be
21 composed of such members of leading American business
22 specialists as may be selected, from time to time, by the

1 Administrator of the Agency for International Development
2 for the purpose of carrying out the provisions of this sub-
3 section. The members of the Board shall serve at the pleas-
4 ure of the Administrator, who shall designate one member
5 to serve as Chairman.

6 “(2) It shall be the duty of the Council, at the request
7 of the Administrator, to make recommendations to the Ad-
8 ministrator with respect to particular aspects of programs and
9 activities under this Act where private enterprise can play
10 a contributing role and to act as liaison for the Administrator
11 to involve specific private enterprises in such programs and
12 activities.

13 “(3) The members of the Advisory Council shall re-
14 ceive no compensation for their services but shall be entitled
15 to reimbursement in accordance with section 5 of the Admin-
16 istrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel
17 and other expenses incurred by them in the performance of
18 their functions under this subsection.

19 “(4) The expenses of the Advisory Council shall be
20 paid by the Administrator from funds otherwise available
21 under this Act.”

22 “(b) Section 608(a), which relates to advance acquisi-
23 tion of property, is amended by inserting “(including per-
24 sonnel costs)” immediately after “costs” the first place it
25 appears in the first sentence.

1 ~~(c)~~ Section 610(b), which relates to transfer between
2 accounts, is amended by striking out the last sentence and
3 inserting in lieu thereof the following: "Not to exceed
4 \$5,000,000 of the funds appropriated under section 402 of
5 this Act for any fiscal year for use in Vietnam may be trans-
6 ferred to and consolidated with appropriations made under
7 section 637(a) of this Act for the same fiscal year, subject
8 to the further limitation that funds so transferred shall be
9 available solely for additional administrative expenses in-
10 curred in connection with programs in Vietnam."

11 ~~(d)~~ Section 614(a), which relates to special authori-
12 ties, is amended by adding at the end thereof the following
13 new sentence: "The limitation contained in the preceding
14 sentence shall not apply to any country which is a victim
15 of active Communist or Communist-supported aggression."

16 ~~(e)~~ Section 620, which relates to prohibitions against
17 furnishing assistance, is amended as follows:

18 ~~(1)~~ The first sentence of subsection ~~(i)~~ is amended to
19 read as follows: "No assistance shall be provided under this
20 or any other Act, and no sales shall be made under the Agri-
21 cultural Trade Development and Assistance Act of 1954, to
22 any country which the President determines is engaging in or
23 preparing for aggressive military efforts, or is participating
24 officially in any international conference to plan activities in-
25 volving insurrection or subversion, directed against—

1 ~~“(1) the United States,~~

2 ~~“(2) any country receiving assistance under this~~
3 ~~or any other Act, or~~

4 ~~“(3) any country to which sales are made under~~
5 ~~the Agricultural Trade Development and Assistance~~
6 ~~Act of 1954,~~

7 until the President determines that such military efforts or
8 preparations have ceased, or such participation has ceased,
9 and he reports to the Congress that he has received assur-
10 ances satisfactory to him that such military efforts or prep-
11 arations will not be renewed, or that such participation will
12 not be renewed or repeated.”

13 ~~(2)~~ Subsection ~~(k)~~ is amended to read as follows:

14 ~~“(k)~~ Without the express approval of Congress, no
15 assistance shall be furnished under this Act to any country
16 for construction of any productive enterprise, or for carrying
17 out any program, with respect to which the aggregate value
18 of assistance to be furnished by the United States will exceed
19 \$100,000,000. No provision of this or any other Act shall
20 be construed to authorize the President to waive the pro-
21 visions of this subsection.”

22 ~~(3)~~ Subsection ~~(l)~~ is amended to read as follows:

23 ~~“(l)~~ The President shall consider denying assistance
24 under this Act to the government of any less developed
25 country which, after December 31, 1966, has failed to enter

1 into an agreement with the President to institute the invest-
2 ment guaranty program under section ~~221(b)(1)~~ of this
3 Act, providing protection against the specific risks of in-
4 convertibility under subparagraph (A), and expropriation
5 or confiscation under subparagraph (B), of such section
6 ~~221(b)(1)~~."

7 (4) Subsection (n) is amended by striking out "the
8 President shall consider denying assistance" and inserting in
9 lieu thereof "no assistance shall be furnished".

10 (5) At the end of such section 620, add the following
11 new subsection:

12 "(p) No assistance shall be furnished under this Act
13 to the United Arab Republic unless the President finds and
14 reports within thirty days of such finding to the President
15 of the Senate and the Speaker of the House that such assist-
16 ance is essential to the national interest of the United States,
17 and further that such assistance will neither directly nor
18 indirectly assist aggressive actions by the United Arab
19 Republic."

20 CHAPTER 2—ADMINISTRATIVE PROVISIONS

21 SEC. 302. Chapter 2 of part III of the Foreign Assist-
22 ance Act of 1961, as amended, which relates to administra-
23 tive provisions, is amended as follows:

24 (a) Section 624(d), which relates to the Inspector Gen-

1 eral, Foreign Assistance, is amended by adding at the end
2 thereof the following new paragraph:

3 “(8) Whenever the Inspector General, Foreign Assist-
4 ance, deems it appropriate in carrying out his duties under
5 this Act, he may from time to time notify the head of any
6 agency primarily responsible for administering any program
7 with respect to which the Inspector General, Foreign Assist-
8 ance, has responsibilities under paragraph (2) of this sub-
9 section that all internal audit, end-use inspection, and man-
10 agement inspection reports submitted to the head of such
11 agency or mission in the field in connection with such pro-
12 gram from any geographic areas designated by the Inspector
13 General, Foreign Assistance, shall be submitted simultane-
14 ously to the Inspector General, Foreign Assistance. The
15 head of each such agency shall cooperate with the Inspector
16 General, Foreign Assistance, in carrying out the provisions
17 of this paragraph.”

18 “(b) Section 635(h), which relates to general authori-
19 ties, is amended by inserting “(except development loans)”
20 immediately after “II, V, and VI”.

21 “(c) Section 637(a), which relates to administrative
22 expenses, is amended by striking out “the fiscal year 1966
23 not to exceed \$54,240,000” and inserting in lieu thereof

1 “each of the fiscal years 1967 and 1968 not to exceed
2 \$57,387,000”.

3 That this Act may be cited as “The Foreign Assistance Act
4 of 1966”.

5 PART I

6 CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended by adding at the end thereof the following new
10 paragraphs:

11 “This Act, or the furnishing of economic, military, or
12 other assistance under this Act or the Military Assistance and
13 Sales Act of 1966, shall not be construed as creating a new
14 commitment or as affecting any existing commitment to use
15 armed forces of the United States for the defense of any
16 foreign country.

17 “It is the sense of the Congress that the action of any
18 Government giving approval and financial backing to a
19 deal under which an international consortium in West
20 Europe would supply steel plants to Communist China, the
21 chief supplier of war material to North Vietnam and the
22 Viet Cong, is a grave blow to the common defense of the

1 *free world and to the safety of American and allied troops in*
2 *Vietnam.”*

3 *CHAPTER 2—DEVELOPMENT ASSISTANCE*

4 *TITLE I—DEVELOPMENT LOAN FUND*

5 *SEC. 102. Title I of chapter 2 of part I of the Foreign*
6 *Assistance Act of 1961, as amended, which relates to the*
7 *Development Loan Fund, is amended as follows:*

8 *(a) Section 201(b), which relates to general authority*
9 *to make loans from the Development Loan Fund, is amended*
10 *as follows:*

11 *(1) In the second sentence, strike out the word “and”*
12 *at the end of clause (5) and strike out the period at the end*
13 *of the sentence and insert a comma and the following: “(7)*
14 *the degree to which the recipient country is making prog-*
15 *ress toward respect for the rule of law, freedom of expression*
16 *and of the press, and recognition of the importance of in-*
17 *dividual freedom, initiative, and private enterprise, (8) the*
18 *degree to which the recipient country is taking steps to im-*
19 *prove its climate for private investment, both domestic and*
20 *foreign, through encouragement of maximum private owner-*
21 *ship in new and existing industry, through nondiscriminatory*
22 *treatment between national and nonnational and between*
23 *public and private enterprises and products, through ade-*
24 *quate protection of industrial property rights (such as pat-*
25 *ents and trademarks), and (9) whether or not the activity*

1 to be financed will contribute to the achievement of self-
2 sustaining growth.”

3 (2) At the end thereof add the following new sentence:
4 “Funds made available under this title, except funds made
5 available pursuant to section 205, shall not be used to make
6 loans in more than ten countries in any fiscal year, except
7 that such loans may be made in any additional country with
8 respect to which (i) the President shall have submitted to
9 the Committee on Foreign Relations of the Senate and the
10 Committee on Foreign Affairs of the House of Representa-
11 tives a report stating that the making of loans in such addi-
12 tional country during such fiscal year is in the national in-
13 terest and giving his reasons therefor, and (ii) each such
14 committee shall have adopted a resolution approving the
15 making of loans in such additional country during such fiscal
16 year.”

17 (b) Section 201(d), which relates to interest rates, is
18 amended by striking out “2½ per centum” and substituting
19 “3 per centum”, and by striking out “1 per centum” and
20 substituting “2 per centum”.

21 (c) Section 202(a), which relates to authorization of
22 the Development Loan Fund, is amended as follows:

23 (1) Strike out the words beginning with “\$1,200,000,-
24 000” through the words “such subsequent fiscal year: Pro-

1 vided further," and substitute "\$370,000,000 for the fiscal
 2 year 1967, which shall remain available until expended:
 3 *Provided,*".

4 (2) Strike out "years ending June 30, 1965, and June
 5 30, 1966, respectively," and substitute "year ending June 30,
 6 1967,".

7 (d) Amend section 204, which relates to the Develop-
 8 ment Loan Committee, by inserting "(a)" after the section
 9 number and by adding at the end thereof the following new
 10 subsection:

11 "(b) No loan shall be made under this title until (1)
 12 the application therefor shall have been submitted to the
 13 International Bank for Reconstruction and Development with
 14 a request for recommendations concerning the need for the
 15 loan, the propriety of the proposed terms thereof, and the
 16 likelihood of repayment, and (2) such recommendations
 17 shall have been received and considered, or a period of sixty
 18 days shall have elapsed following such request and no such
 19 recommendations shall have been received."

20 (e) Amend section 205, which relates to use of inter-
 21 national lending organizations, to read as follows:

22 "SEC. 205. In order to serve the purposes of this title
 23 and the policy contained in section 619, 15 per centum of

1 *the funds made available for this title shall be available only*
2 *for transfer, on such terms and conditions as the President*
3 *determines, to the International Development Association,*
4 *the International Bank for Reconstruction and Development*
5 *or the International Finance Corporation for use pursuant*
6 *to the laws governing United States participation in such*
7 *institutions, if any, and the governing statutes thereof and*
8 *without regard to section 201 or any other requirements*
9 *of this or any other Act. With respect to any dollars herein*
10 *provided, the voting power of the United States shall be exer-*
11 *cised for the purpose of disapproving any loan for any*
12 *project, enterprise, or activity in any country during any*
13 *period for which the President has suspended assistance to*
14 *the government of such country because of any action taken*
15 *on or after January 1, 1962, by the government of such*
16 *country or any government agency or subdivision within such*
17 *country as specified in paragraph (A), (B), or (C) of sub-*
18 *section (e)(1) of section 620 of the Foreign Assistance Act*
19 *of 1961, as amended, and the failure of such country within*
20 *a reasonable time to take appropriate steps to discharge its*
21 *obligations or provide relief in accordance with the provisions*
22 *of such subsection."*

1 *TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT*
2 *GRANTS*

3 *SEC. 103. Title II of chapter 2 of part I of the Foreign*
4 *Assistance Act of 1961, as amended, which relates to tech-*
5 *nical cooperation and development grants, is amended as*
6 *follows:*

7 *(a) Section 211, which relates to general authority, is*
8 *amended as follows:*

9 *(1) In the second sentence of subsection (a) strike out*
10 *“and” at the end of clause (5) and strike out the period at*
11 *the end of the sentence and insert a comma and the follow-*
12 *ing: “(7) the degree to which the recipient country is*
13 *making progress toward respect for the rule of law, free-*
14 *dom of expression and of the press, and recognition of the*
15 *importance of individual freedom, initiative, and private*
16 *enterprise, and (8) whether or not the activity to be financed*
17 *will contribute to the achievement of self-sustaining growth.”*

18 *(2) At the end thereof, add the following new sentence:*
19 *“The authority of this title shall not be used to furnish assist-*
20 *ance to more than forty countries in any fiscal year, except*
21 *that such assistance may be furnished to any additional coun-*
22 *try with respect to which (i) the President shall have sub-*
23 *mitted to the Committee on Foreign Relations of the Senate*
24 *and the Committee on Foreign Affairs of the House of Repre-*
25 *sentatives a report stating that the furnishing of assistance*

1 to such additional country during such fiscal year is in the
2 national interest and giving his reasons therefor, and (ii)
3 each such committee shall have adopted a resolution approv-
4 ing the furnishing of assistance to such additional country
5 during such fiscal year.”

6 (3) At the end thereof add the following new subsec-
7 tions:

8 “(d) Funds made available under section 212 may be
9 used for assistance, on such terms and conditions as the
10 President may specify, to research and educational institu-
11 tions in the United States for the purpose of strengthening
12 their capacity to develop the resources likely to be needed
13 for programs concerned with the economic and social devel-
14 opment of less developed countries.

15 “(e) In any developing countries or areas where food
16 production is not increasing enough to meet the demands of an
17 expanding population, or diets are seriously deficient, a high
18 priority shall be given to efforts to increase agricultural pro-
19 duction, particularly the establishment or expansion of adap-
20 tive research programs designed to increase acre-yields of the
21 major food crops. Such research programs, to the greatest
22 extent possible, should be based on cooperative undertakings
23 between universities and research institutions in the developing
24 countries and United States universities and research
25 institutions.”

1 (b) Section 212, which relates to authorization, is
2 amended by striking out "1966" and substituting "1967".

3 (c) Section 214, which relates to American schools,
4 and hospitals abroad, is amended as follows:

5 (1) Subsection (c), which relates to authorization, is
6 amended by striking out "1966, \$7,000,000" and substitut-
7 ing "1967, \$10,989,000".

8 (2) At the end of such section add the following new
9 subsection:

10 “(d) There is hereby authorized to be appropriated
11 to the President for the purposes of section 214(b), in addi-
12 tion to funds otherwise available for such purposes, for fiscal
13 year 1967, \$1,000,000 in foreign currencies which the Sec-
14 retary of the Treasury determines to be excess to the normal
15 requirements of the United States.”

16 TITLE III—INVESTMENT GUARANTIES

17 SEC. 104. Title III of chapter 2 of part I of the
18 Foreign Assistance Act of 1961, as amended, which relates
19 to investment guaranties, is amended as follows:

20 (a) Section 221, which relates to general authority for
21 investment guaranties, is amended as follows:

22 (1) In subsection (b), strike out "1967" in the fourth
23 proviso of paragraph (2) and substitute "1968".

1 (2) Subsection (c) is amended to read as follows:

2 “(c) No guaranty shall exceed the actual dollar in-
3 vestment, as of the date of the investment, made in the
4 project with the approval of the President plus earnings or
5 operating profits actually accrued on said investment to the
6 extent provided by such guaranty, nor shall any guaranty
7 of an equity investment extend beyond twenty years from
8 the date of issuance.”

9 (b) Section 224(c), which relates to housing projects
10 in Latin American countries, is amended as follows:

11 (1) After “\$400,000,000” insert “of which at least
12 \$50,000,000 of the issuing authority provided for in the
13 Foreign Assistance Act of 1965 shall be available solely for
14 the purposes of section 224(b)(1)”.

15 (2) Strike out “1967” and substitute “1968”.

16 TITLE VI—ALLIANCE FOR PROGRESS

17 SEC. 105. Title VI of chapter 2 of part I of the Foreign
18 Assistance Act of 1961, as amended, which relates to the
19 Alliance for Progress, is amended as follows:

20 (a) Section 251, which relates to general authority, is
21 amended as follows:

22 (1) Subsection (b) is amended as follows:

23 (i) In the second sentence, strike out “and” at the end

1 of clause (3) and strike out the period at the end of the sen-
 2 tence and insert a semicolon and the following: “(5) the
 3 degree to which the recipient country is making progress
 4 toward respect for the rule of law, freedom of expression
 5 and of the press, and recognition of the importance of indi-
 6 vidual freedom, initiative, and private enterprise; (6) the
 7 degree to which the recipient country is taking steps to
 8 improve its climate for private investment, both domestic and
 9 foreign, through encouragement of maximum private owner-
 10 ship in new and existing industry, through nondiscriminatory
 11 treatment between national and nonnational and between
 12 public and private enterprises and products, through adequate
 13 protection of industrial property rights (such as patents and
 14 trademarks); (7) whether or not the activity to be financed
 15 will contribute to the achievement of self-sustaining growth;
 16 and (8) the extent to which the activity to be financed will
 17 contribute to the economic or political integration of Latin
 18 America.”

19 (ii) At the end of such subsection add the following
 20 new sentence: “Funds made available under this title which
 21 are not required to be used for loans shall be available for
 22 the purposes of section 211(d).”

23 (2) At the end of such section add the following new
 24 subsection:

25 “(h) Loans may be made under authority of this title

1 only to support national economic plans which have been
2 approved by the Inter-American Committee for the Alliance
3 for Progress. Whenever the President determines that the
4 purposes of this title would be better served thereby, he
5 may make available, in addition to any other funds available
6 for such purposes, on such terms and conditions as he deter-
7 mines, not to exceed 15 per centum of the funds made avail-
8 able for this title to the Inter-American Development Bank,
9 or to any of the institutions named in section 205, for use
10 pursuant to the laws governing United States participation
11 in the said Bank or in such institutions and the governing
12 statutes thereof and without regard to section 201 or any
13 other requirements of this or any other Act."

14 (b) Section 252, which relates to authorization, is
15 amended as follows:

16 (1) Strike out in the first sentence the words begin-
17 ning with "1963, 1965, and 1966," through the words "year
18 1966" and substitute "1967 and 1968, not to exceed \$543,-
19 000,000 which sums are authorized to remain available until
20 expended and, except for not to exceed \$87,700,000".

21 (2) Strike out the penultimate sentence.

22 (3) In the final sentence, strike out "June 30, 1965
23 and June 30, 1966," and substitute "June 30, 1967, and
24 June 30, 1968,".

1 *TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND*
2 *REGIONAL PROGRAMS*

3 *SEC. 106. Chapter 2 of part I of the Foreign Assistance*
4 *Act of 1961, as amended, is amended by adding at the end*
5 *a new title as follows:*

6 *“TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND*
7 *REGIONAL PROGRAMS*

8 *“SEC. 271. GENERAL PROVISIONS.—(a) The accelera-*
9 *tion of social and economic progress in southeast Asia is im-*
10 *portant to the achievement of the United States foreign policy*
11 *objectives of peace and stability in that area. It is the sense*
12 *of Congress that this objective would be served by an ex-*
13 *panded effort by the countries of southeast Asia and other*
14 *interested countries in cooperative programs for social and*
15 *economic development of the region, employing both multi-*
16 *lateral and bilateral channels of assistance.*

17 *“(b) The President is authorized to furnish assistance,*
18 *on such terms and conditions as he may determine, in order*
19 *to promote social and economic development and stability*
20 *in southeast Asia through multilateral institutions and pro-*
21 *grams and projects serving regional development purposes.*
22 *Such institutions, programs, and projects may include but*
23 *are not limited to special funds of the Asian Development*
24 *Bank, consortia organized for particular programs and proj-*

1 ects, and regional arrangements such as the Mekong develop-
2 ment program.

3 “SEC. 272. SPECIAL PROVISIONS.—(a) In providing
4 assistance to further the purposes of this title the President
5 shall take into account:

6 “(1) initiatives in the field of social and economic
7 development by Asian peoples and institutions;

8 “(2) regional economic cooperation and integra-
9 tion in southeast Asia;

10 “(3) the extent of participation by other potential
11 donor countries;

12 “(4) the degree of peaceful cooperation among
13 the countries of southeast Asia toward the solution of
14 common problems; and

15 “(5) the ability of multilateral institutions or other
16 administering authorities to carry out projects and pro-
17 grams effectively, efficiently, and economically.

18 “(b) In the event that funds made available under this
19 Act are used by or under the supervision of the Interno-
20 tional Bank for Reconstruction and Development or the
21 Asian Development Bank in furtherance of the purposes
22 of this title, such funds may be used without regard to the
23 requirements of this or any other Act. With respect to any
24 such funds made available to either or both of said banks or

1 under the supervision thereof, the voting power of the United
 2 States shall be exercised for the purpose of disapproving any
 3 loan to a Communist country, as defined in section 620(f)
 4 unless the President complies with the requirements of find-
 5 ings and report to Congress of said section.

6 “SEC. 273. USE OF FUNDS.—In furtherance of the pur-
 7 poses of this title in the fiscal year 1967, the President is
 8 authorized to use not to exceed \$50,000,000 of the funds
 9 made available under this Act.”

10 CHAPTER 3—INTERNATIONAL ORGANIZA- 11 TIONS AND PROGRAMS

12 SEC. 107. Chapter 3 of part I of the Foreign Assistance
 13 Act of 1961, as amended, which relates to international or-
 14 ganizations and programs, is amended as follows:

15 (a) Section 301(a), which relates to general authority,
 16 is amended by inserting after the words “by such organiza-
 17 tions” the words “, and in the case of the Indus Basin De-
 18 velopment Fund administered by the International Bank
 19 for Reconstruction and Development to make grants and
 20 loans payable as to principal and interest in United States
 21 dollars and subject to the provisions of section 201(d),”.

22 (b) Section 301(b), which relates to general authority,
 23 is amended by striking out “United Nations Expanded Pro-
 24 gram of Technical Assistance and the United Nations Special

1 *Fund*” and substituting “United Nations Development
2 *Program*”.

3 (c) Section 302, which relates to authorization, is
4 amended by striking out “1966” and “\$144,755,000” and
5 substituting “1967” and “\$140,433,000”, respectively.

6 CHAPTER 4—SUPPORTING ASSISTANCE

7 SEC. 108. Chapter 4 of part I of the *Foreign Assistance*
8 *Act of 1961*, as amended, which relates to supporting assist-
9 *ance*, is amended as follows:

10 (a) Section 401, which relates to general authority, is
11 amended by striking out the period at the end thereof and
12 inserting a colon and the following: “Provided, That not
13 more than ten countries may receive assistance under the
14 authority of this chapter in any fiscal year, unless the Presi-
15 dent determines that it is in the national interest of the
16 United States to furnish such assistance to an additional
17 country or countries. Any such determination, together with
18 the reasons therefor, shall be reported to the Committee on
19 Foreign Relations of the Senate and to the Speaker of the
20 House of Representatives. No commodity shall be furnished
21 pursuant to this chapter unless the Administrator of the
22 Agency for International Development shall have found with
23 respect to each such commodity that there is substantial need
24 therefor in order to make a planned contribution to the

1 *economic development of the country to which the commodity*
 2 *is to be furnished."*

3 (b) *Section 402, which relates to authorization, is*
 4 *amended as follows:*

5 (1) *Strike out " , without regard to section 649,".*

6 (2) *Strike out "1966" and "\$684,200,000" and sub-*
 7 *stitute "1967" and "\$658,000,000", respectively.*

8 (3) *Strike out the second sentence.*

9 CHAPTER 5—CONTINGENCY FUND

10 SEC. 109. *Section 451 of the Foreign Assistance Act*
 11 *of 1961, as amended, which relates to contingency fund, is*

12 (a) *Subsection (a) is amended as follows:*

13 (1) *Strike out "1966" and "\$150,000,000" in the first*
 14 *sentence and substitute "1967" and "\$70,000,000", respec-*
 15 *tively.*

16 (2) *Strike out the second and third sentences.*

17 (b) *Subsection (b) is amended by striking out "the*
 18 *first sentence of".*

19 CHAPTER 6—ASSISTANCE TO NON-INDUS- 20 TRIALIZED COUNTRIES

21 SEC. 110. *Chapter 6 of part I, which relates to assist-*
 22 *ance to countries having agrarian economies, is amended as*
 23 *follows:*

24 (a) *Amend the heading to read: "Assistance to Non-*
 25 *Industrialized Countries".*

(b) *Add the following new section:*

“SEC. 462. ASSISTANCE FOR POPULATION CONTROL.—Funds made available for use under this part may be used when so requested by the recipient country, to furnish technical and other assistance for the control of population growth.”

CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

SEC. 111. Part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof a new chapter as follows:

“CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

“SEC. 471. JOINT COMMISSIONS ON RURAL DEVELOPMENT.—(a) The President is authorized to conclude agreements with less developed countries providing for the establishment in such countries of Joint Commissions on Rural Development each of which shall be composed of one or more citizens of the United States appointed by the President and one or more citizens of the country in which the Commission is established. A majority of the members of each such Commission shall be citizens of the country in which it is established. Each such agreement shall provide for the selection of the members who are citizens of the country

1 *in which the Commission is established who wherever feasible*
2 *shall be selected in such manner and for such terms of office*
3 *as will insure to the maximum extent possible their tenure and*
4 *continuity in office.*

5 “(b) *A commission established pursuant to an agree-*
6 *ment authorized by this section shall be authorized to formu-*
7 *late and carry out programs for development of rural areas*
8 *in the country in which it is established, which may include*
9 *such research, training and other activities as may be neces-*
10 *sary or appropriate for such development.*

11 “(c) *Not to exceed 10 per centum of the funds made*
12 *available pursuant to section 212 shall be available to the*
13 *President in negotiating and carrying out agreements entered*
14 *into under this section, including the financing of appropri-*
15 *ate activities of Commissions established pursuant to such*
16 *agreements.*

17 “(d) *The furnishing of assistance under this section*
18 *shall not be construed as an express or implied assumption*
19 *by the United States of any responsibility for making further*
20 *contributions for such purpose.*

21 “(e) *Nothing in this chapter shall be construed to re-*
22 *strict the authority contained in any other chapters of this*
23 *Act.’’*

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 201. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601(c), which relates to the Advisory Committee on Private Enterprise in Foreign Aid, is amended to read as follows:

“(c)(1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Board shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

“(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator

1 to involve specific private enterprises in such programs and
2 activities.

3 “(3) The members of the Advisory Council shall receive
4 no compensation for their services but shall be entitled to reim-
5 bursement in accordance with section 5 of the Administrative
6 Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other
7 expenses incurred by them in the performance of their func-
8 tions under this subsection.

9 “(4) The expenses of the Advisory Council shall be paid
10 by the Administrator from funds otherwise available under
11 this Act.”

12 (b) Section 604, which relates to procurement, is
13 amended as follows:

14 (1) Subsection (c), which relates to procurement of
15 agricultural commodities, is amended by striking out the word
16 “surplus” each time it appears and by inserting “or product
17 thereof available for disposition under the Agricultural Trade
18 Development and Assistance Act of 1954, as amended,”
19 after the word “commodity” the first time it appears.

20 (2) Add the following new subsections:

21 “(e) No funds made available under this Act shall be
22 used for the procurement of any agricultural commodity or
23 product thereof outside the United States when the domestic
24 price of such commodity is less than parity.

25 “(f) Funds made available under this Act shall not be

1 *used to finance the procurement of iron and steel products for*
2 *use in Vietnam if the products contain any component ac-*
3 *quired by the producer of the commodity in the form in*
4 *which imported into the country of production from sources*
5 *other than the United States or a country designated as a*
6 *limited free world country by code number 901 in the*
7 *September 1964 Geographic Code Book compiled by the*
8 *Agency for International Development, at a total cost (de-*
9 *livered to the point of production) that amounts to more*
10 *than 10 per centum of the lowest price (excluding the cost*
11 *of ocean transportation and marine insurance) at which the*
12 *supplier makes the commodity available for export sale*
13 *(whether or not financed by the Agency for International*
14 *Development)."*

15 *(c) Section 608(a), which relates to advance acquisi-*
16 *tion of property, is amended by inserting "(including per-*
17 *sonnel costs)" after the word "costs" the first time it appears*
18 *in the first sentence.*

19 *(d) Section 612, which relates to the use of foreign*
20 *currencies, is amended by adding a new subsection as follows:*

21 *"(c) In addition to funds otherwise available, and not-*
22 *withstanding section 1415 of the Supplemental Appropria-*
23 *tions Act of 1953, excess foreign currencies, as defined in*
24 *subsection (b), may be made available to friendly foreign*
25 *governments and to private, nonprofit United States organi-*

1 zations to carry out voluntary family planning programs in
2 countries which request such assistance. No such program
3 shall be assisted unless the President has received assurances
4 that in the administration of such program the recipient will
5 take reasonable precautions to insure that no person receives
6 any family planning assistance or supplies unless he desires
7 such services. The excess foreign currencies made available
8 under this subsection shall not, in any one year, exceed 5
9 per centum of the aggregate of all excess foreign currencies.

10 “As used in this subsection the term ‘voluntary family
11 planning program’ includes, but is not limited to, demo-
12 graphic studies, medical and psychological research, person-
13 nel training, the construction and staffing of clinics and rural
14 health centers, specialized training of doctors and paramedical
15 personnel, the manufacture of medical supplies, and the dis-
16 semination of family planning information, medical assist-
17 ance, and supplies to individuals who desire such assistance.”

18 (e) Section 613, which relates to accounting, valua-
19 tion, reporting, and administration of foreign currencies, is
20 amended by adding at the end thereof the following new
21 subsection:

22 “(e) In addition to any other terms and conditions
23 which may be applicable with respect to any loans made
24 from funds made available under authority of this Act, each
25 such loan shall include a provision or provisions whereby the

1 recipient of such loan shall (1) express the par value of its
2 currency in terms of the United States dollar at a rate of
3 exchange between those currencies which the Secretary of
4 the Treasury finds to be reasonable and (2) agree to main-
5 tain, notwithstanding any changes in the foreign exchange
6 value of its currency, such initial par value of its currency
7 for purposes of all computations relating to those currencies
8 in connection with such loan. No provision of the terms of
9 any loan heretofore or hereafter made from funds made avail-
10 able under authority of this Act, which requires the mainte-
11 nance of the value of the currency of the recipient of such
12 loan in relation to the United States dollar during the period
13 such loan is outstanding, may hereafter be altered.”

14 (f) Section 614(c), which relates to special authori-
15 ties, is amended by adding at the end thereof the following:
16 “The President shall promptly and fully inform the Speaker
17 of the House of Representatives and the chairman and rank-
18 ing minority member of the Committee on Foreign Relations
19 of the Senate of each use of funds under this subsection.”

20 (g) Section 620(k), which relates to prohibition on
21 furnishing assistance for construction of certain productive
22 enterprises, is amended to read as follows:

23 “(k) Without the express approval of Congress, no
24 assistance shall be furnished under this Act to any country

1 *for construction of any productive enterprise, nor shall any*
 2 *assistance be furnished under chapter 2 of the Military*
 3 *Assistance and Sales Act to any country for carrying out*
 4 *any program, with respect to which the aggregate value*
 5 *of assistance to be furnished by the United States will exceed*
 6 *\$100,000,000. No other provision of this or any other*
 7 *Act shall be construed to authorize the President to waive*
 8 *the provisions of this subsection."*

9 *(h) Section 620(n), which relates to prohibition on*
 10 *furnishing assistance to countries trading with North Viet-*
 11 *nam, is amended to read as follows:*

12 *"(n) In view of the aggression of North Vietnam, no*
 13 *assistance shall be furnished under this Act to any country*
 14 *which has failed to take appropriate steps, not later than*
 15 *sixty days after the date of enactment of the Foreign Assist-*
 16 *ance Act of 1966—*

17 *"(A) to prevent ships or aircraft under its registry*
 18 *from transporting to North Vietnam—*

19 *"(i) any items of economic assistance,*

20 *"(ii) any items which are, for the purposes of*
 21 *title I of the Mutual Defense Assistance Control Act*
 22 *of 1951, as amended, arms, ammunition and imple-*
 23 *ments of war, atomic energy materials, petroleum,*
 24 *transportation materials of strategic value, or items*
 25 *of primary strategic significance used in the produc-*

1 *tion of arms, ammunition, and implements of war,*
2 *or*

3 *“(iii) any other equipment, materials, or com-*
4 *modities; and*

5 *“(B) to prevent ships or aircraft under its registry*
6 *from transporting any equipment, materials, or com-*
7 *modities from North Vietnam.”*

8 *(i)(1) Section 620, which relates to prohibitions against*
9 *furnishing assistance, is amended by adding a new subsection*
10 *as follows:*

11 *“(p) No assistance shall be furnished under this Act to*
12 *any country when the government of such country or any*
13 *government agency or subdivision within such country is in-*
14 *debted to any United States citizens or any corporation,*
15 *partnership, or association not less than 50 per centum bene-*
16 *ficially owned by United States citizens, and such government,*
17 *government agency, or government subdivision fails to consent,*
18 *within six months after the making of a request therefor, to*
19 *have the claim of such United States citizen or corporation,*
20 *partnership, or association submitted to arbitration under the*
21 *Convention on the Settlement of Investment Disputes ratified*
22 *by the United States on June 1, 1966.”*

23 *(2) The provisions of this subsection shall take effect*
24 *immediately upon the date the Convention on the Settlement of*

1 *Investment Disputes shall enter into force with respect to the*
2 *United States.*

3 *(j) Section 620, which relates to prohibitions against*
4 *furnishing assistance, is further amended by adding at the*
5 *end thereof the following new subsections:*

6 *“(q) No assistance shall be furnished under this Act to*
7 *the United Arab Republic unless the President finds and*
8 *reports within thirty days of such finding to the Committee*
9 *on Foreign Relations of the Senate and the Speaker of the*
10 *House that such assistance is essential to the national interest*
11 *of the United States, and further that such assistance will*
12 *neither directly nor indirectly assist aggressive actions by the*
13 *United Arab Republic.*

14 *“(r) No loan shall be made to any country under the*
15 *authority of this Act for use in any manner by such country*
16 *in meeting all or part of its obligations to the United States*
17 *under any other loan made to such country under this Act.*

18 *“(s) No assistance shall be furnished under this Act*
19 *to any country which is in default, during a period in excess*
20 *of six calendar months, in payment to the United States of*
21 *principal or interest on any loan made to such country under*
22 *this Act, unless such country meets its obligations under the*
23 *loan or unless the President determines that assistance to*
24 *such country is essential to the national interest and notifies*
25 *the Speaker of the House of Representatives and the Com-*

1 *mittee on Foreign Relations of the Senate of such deter-*
2 *mination.*

3 “(t) No recipient of a loan made under the authority
4 of this Act, any part of which is outstanding on or after
5 the date of enactment of this subsection, shall be relieved
6 of liability for the repayment of any part of the principal
7 of or interest on such loan.

8 “(u) No assistance shall be furnished under this Act
9 to any member state of the Organization of American States
10 the government of which came into power by the unconstitu-
11 tional overthrow of a freely elected, constitutional, demo-
12 cratic government which had been acting in accordance with
13 its constitutional mandate, if, in consultation with the mem-
14 bers of the Organization of American States, in accordance
15 with applicable resolutions and agreements of the Organiza-
16 tion of American States, the President finds that such govern-
17 ment does not intend to take appropriate steps, within a
18 reasonable time, for the restoration of constitutional govern-
19 ment, the holding of free elections, and the application of
20 human and civil rights and liberties, until (1) the President
21 is satisfied that such government intends to take such appro-
22 priate steps or (2) the President has determined that the
23 furnishing of such assistance is essential to the national inter-
24 est of the United States, and reports such determination

1 *and his reasons therefor to the Senate Committee on Foreign*
2 *Relations and to the Speaker of the House within thirty*
3 *days accordingly.*

4 *“(v) In the case of the government of any nation which*
5 *is more than one year in arrears in its payment of any assess-*
6 *ment by the United Nations for regular budget or for peace*
7 *and security operations, assistance under the provisions of*
8 *this Act may nevertheless be furnished upon a determina-*
9 *tion by the President that the particular assistance to be fur-*
10 *nished is in the national interest of the United States and*
11 *transmittal by him of a report to the Committee on Foreign*
12 *Relations of the Senate and the Committee on Foreign Af-*
13 *fairs of the House of Representatives setting forth the assur-*
14 *ance given by the government concerned of paying (inde-*
15 *pendently of such assistance) all of its arrearages and placing*
16 *its payments of such assessments on a current basis, or an*
17 *explanation of the unusual and exceptional circumstances*
18 *which render it economically incapable of giving such*
19 *assurance.”*

1 *CHAPTER 2—ADMINISTRATIVE PROVISIONS*

2 *SEC. 202. Chapter 2 of part III of the Foreign Assist-*
3 *ance Act of 1961, as amended, which relates to administra-*
4 *tive provisions is amended as follows:*

5 *(a) Section 622, which relates to coordination with*
6 *foreign policy, is amended as follows:*

7 *(1) Subsection (b) is amended by striking out “in-*
8 *cluding any civic action and sales program)” and substitut-*
9 *ing “(including civic action) or sales programs”.*

10 *(2) Subsection (c) is amended by striking all after*
11 *“general direction of” and substituting “economic assistance*
12 *and military assistance and sales programs, including but not*
13 *limited to determining whether there shall be a military*
14 *assistance (including civic action) or sales program for a*
15 *country and the value thereof, to the end that such programs*
16 *are effectively integrated both at home and abroad and the*
17 *foreign policy of the United States is best served thereby.”*

18 *(b) Section 634 (which relates to reports and infor-*

1 mation) is amended by adding the following new subsection:

2 “(f) The Secretary of the Treasury shall transmit to
3 the Speaker of the House of Representatives and to the Com-
4 mittee on Foreign Relations of the Senate semiannual reports
5 showing as of June 30 and December 31 of each year the re-
6 payment status of each loan theretofore made under authority
7 of this Act any part of the principal or interest of which re-
8 mains unpaid on the date of the report.”

9 (c) Section 635(h), which relates to general authori-
10 ties, is amended by inserting “(except development loans)”
11 after “II, V, and VI”.

12 (d) Section 637, which relates to administrative ex-
13 penses, is amended as follows:

14 (1) In subsection (a) strike out “1966” and substitute
15 “1967”.

16 (2) In subsection (b) strike out “such amounts as may
17 be necessary from time to time” and substitute “for the fiscal
18 year 1967 not to exceed \$3,100,000”.

19 (e) At the end of such chapter add a new section as
20 follows:

21 “SEC. 640A. AUDIT BY GENERAL ACCOUNTING OF-
22 FICE.—(a) The General Accounting Office is authorized
23 and directed to conduct an audit of any program of assistance
24 to any country being conducted under part I of this Act

1 for any fiscal year, beginning with the fiscal year 1966, for
2 which the United States has expended or obligated in excess
3 of \$500,000 for such program.

4 “(b) For the purpose of aiding in carrying out its duties
5 under this section, the General Accounting Office shall have
6 access to all records, reports, audits, reviews, documents,
7 papers, recommendations, or other material of the agency
8 of the United States Government administering part I of
9 this Act. Such agency shall cooperate with the General
10 Accounting Office and furnish assistance upon request to
11 the General Accounting Office in aid of its responsibilities
12 under this section.”

13 CHAPTER 3—RESTUDY

14 SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The
15 President is requested to submit to the Congress, on or before
16 January 1, 1968, his recommendations, including legislative
17 proposals designed to carry out such recommendations, for
18 such future foreign assistance programs as may be necessary
19 and appropriate in the national interest and taking into
20 account the principles set forth in section 302.

21 SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT
22 IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the for-
23 mulation and submission to the Congress of proposals for
24 foreign assistance for fiscal years beginning on or after

1 *July 1, 1968, such proposals should include, among others,*
2 *the following categories:*

3 *(1) Assistance intended primarily for humanitarian*
4 *purposes, including grants, loans, contributions, or other*
5 *aid to be made available for relief purposes through*
6 *international organizations or relief agencies, or other-*
7 *wise, famine relief and other assistance authorized by*
8 *title II of the Agricultural Trade Development and*
9 *Assistance Act of 1954, as amended, and similar relief*
10 *programs.*

11 *(2) Assistance for development purposes (A) to be*
12 *extended only to countries which exhibit respect for the*
13 *rule of law, freedom of expression and of the press, and*
14 *recognition of the importance of individual freedom,*
15 *initiative, and private enterprise; and (B) to be in fur-*
16 *therance of sound plans for economic and social growth*
17 *to the end of developing the resources of the recipient*
18 *countries to make them self-sufficient at the earliest*
19 *possible date.*

20 *(3) Assistance for political or contingency pur-*
21 *poses, to be extended to a limited number of countries or*
22 *areas, primarily for purposes of advancing or protecting*
23 *the mutual interests of the United States and the other*
24 *countries or areas concerned, such as programs relating*
25 *to the creation of special relationships with recipient*

1 *countries, reinforcement of alliance-type relationships, or*
2 *other political or contingency purposes.*

3 *(4) Military assistance to be furnished for purposes*
4 *that serve the military defense of the United States as*
5 *recommended by the Secretary of Defense, subject to*
6 *approval by the Secretary of State.*

7 *(b) In order to provide for better coordination of all*
8 *programs of United States assistance to foreign countries,*
9 *and for more efficient, economical, and effective administra-*
10 *tion of such programs, the proposals referred to in para-*
11 *graphs (1), (2), and (3) of subsection (a) shall also in-*
12 *clude provisions for unification, insofar as practicable, of*
13 *the administration of such programs under a single officer or*
14 *agency.*

15 *(c) The proposals referred to in subsection (a) should*
16 *include an analysis of the role that economic assistance by*
17 *the United States and other developed nations can play in*
18 *economic and social development through foreign aid.*

19 *SEC. 303. TEMPORARY PLANNING COMMITTEE ESTAB-*
20 *LISHED.—(a) There is hereby created a Foreign Aid Plan-*
21 *ning Committee (hereinafter referred to as the “Commit-*
22 *tee”)* which shall consist of twelve members, no more than
23 *seven of whom shall be members of the same political party,*
24 *to be selected as follows:*

25 *(1) Four members to be appointed by the Presi-*

1 *dent from private life, none of whom shall have served*
2 *at an executive level in the administration of the AID*
3 *program in Washington;*

4 *(2) Four members of the Committee on Foreign*
5 *Relations of the Senate, to be designated by the Vice*
6 *President;*

7 *(3) Four members of the Committee on Foreign*
8 *Affairs of the House of Representatives, to be designated*
9 *by the Speaker of the House of Representatives.*

10 *The Committee shall select a Chairman and Vice Chairman*
11 *from among its members.*

12 *(b) It shall be the duty of the Committee (1) to make*
13 *such studies and investigations as may be necessary to enable*
14 *it to make recommendations to the President and to the*
15 *Congress concerning the proposals referred to in section*
16 *302(a), and (2) to provide the President, or such officer*
17 *or agency as the President may designate, with such assist-*
18 *ance as the President or such officer or agency may request*
19 *in the formulation of such proposals.*

20 *(c) The Committee is authorized to appoint and fix*
21 *the compensation of such secretarial, clerical, and other staff*
22 *assistants as may be necessary to enable it to perform its*
23 *functions, and to procure, without regard to the civil service*
24 *laws and the Classification Act of 1949, as amended, tem-*

1 *porary and intermittent services to the same extent as is*
2 *authorized for the departments by section 15 of the Act of*
3 *August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates*
4 *not to exceed \$100 per diem for individuals.*

5 *(d) Members of the Committee appointed under sub-*
6 *section (a)(1) who are not otherwise employed by the*
7 *United States shall be paid compensation at the rate of \$100*
8 *per diem while engaged in the work of the Committee, and*
9 *shall be reimbursed for travel and other necessary expenses*
10 *incurred while so engaged, including per diem in lieu of*
11 *subsistence, as authorized by law (5 U.S.C. 73b-2) for per-*
12 *sons in the Government service employed intermittently.*

13 *(e) The Committee may, for the purpose of carrying*
14 *out the provisions of this section, hold such hearings and sit*
15 *and act at such times and places, administer such oaths, and*
16 *require by subpoena or otherwise the attendance and testi-*
17 *mony of such witnesses and the production of such books,*
18 *records, correspondence, memorandums, papers, and docu-*
19 *ments as the Committee may deem advisable. Subpenas*
20 *may be issued under the signature of the Chairman of the*
21 *Committee and may be served by any person designated by*
22 *the Chairman. The provisions of sections 102 to 104, in-*
23 *clusive, of the Revised Statutes (2 U.S.C. 192-194), shall*

1 *apply in the case of any failure of any witness to comply*
2 *with any subpoena or to testify when summoned under au-*
3 *thority of this subsection.*

4 *(f) Each department and agency of the Government*
5 *shall furnish to the Committee, upon its request, such infor-*
6 *mation or other assistance as may be necessary to enable it*
7 *to carry out its functions.*

8 *(g) The Committee shall from time to time transmit*
9 *to the President, and to the Committee on Foreign Relations*
10 *of the Senate and the Speaker of the House of Representa-*
11 *tives, reports of its activities, including its recommendations,*
12 *and shall file its final report on or before September 1, 1967.*
13 *Upon the filing of its final report, the Committee shall cease*
14 *to exist.*

15 *(h) There shall be made available to the Committee out*
16 *of sums appropriated pursuant to this Act such amounts, not*
17 *to exceed an aggregate of \$400,000, as the Committee*
18 *deems necessary to enable it to carry out its functions.*

19 CHAPTER 4—OTHER PROVISIONS

20 *SEC. 401. There is hereby authorized to be printed for*
21 *the use of the Committee on Foreign Relations fourteen*
22 *thousand additional copies of its hearings on supplemental*

- 1 *foreign assistance, fiscal year 1966—Vietnam, of the Eighty-*
2 *ninth Congress, second session.*

Passed the House of Representatives July 14, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

Passed the Senate with an amendment July 26 (legislative day, July 22), 1966.

Attest: EMERY L. FRAZIER,
Secretary.

89TH CONGRESS
2^D Session

H. R. 15750

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26 (legislative day, JULY 22), 1966

Ordered to be printed with the amendment of the Senate

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

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U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
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Issued August 2, 1966
For actions of August 1, 1966
89th-2nd; No. 124

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HIGHLIGHTS: House Rules Committee cleared community development districts bill.
Conferees agreed on dog-cat handling bill.

HOUSE

1. CIVIL RIGHTS. Continued debate on H. R. 14765, the civil rights bill. pp. 16961-83
2. COMMUNITY DEVELOPMENT. The Rules Committee reported a resolution for consideration of S. 2934, to authorize community development districts for planning. p. 17027

3. TRANSPORTATION. The Rules Committee reported a resolution for consideration of H. R. 14810, to authorize additional assistance for urban mass transportation. p. 17027
4. EXHIBITION. The Rules Committee reported a resolution for consideration of H. R. 15098, to amend the law for U. S. participation in the HemisFair 1968 Exhibition, Tex. p. 17027
5. MILITARY CONSTRUCTION. The Rules Committee reported a resolution for consideration of S. 3105, the military construction bill, which includes a provision for reimbursement of CCC for family housing. p. 17027
6. RESEARCH. The Merchant Marine and Fisheries Committee reported H. R. 16559, to authorize sea grant colleges for oceanography research, etc. (H. Rept. 1795). p. 17027
The conferees agreed to file a conference report on H. R. 13881, providing for regulation of the transportation and sale of dogs and cats which are intended for use in research. p. D700
7. MANPOWER. A subcommittee approved for consideration by the Education and Labor Committee H. R. 16715, to amend the Manpower Development and Training Act. p. D699
8. FOREIGN AID. Conferees were appointed on H. R. 15750, the foreign aid authorization bill. Senate conferees have been appointed. p. 16950
9. FOOD PRICES. Rep. Ryan asked for an investigation of recent increases in food prices. p. 16951
10. WATER RESOURCES. Conferees were appointed on S. 3034, to authorize the Interior Department to engage in feasibility investigations of certain water resource development proposals. Senate conferees have been appointed. pp. 16952-3
11. REA FINANCING. Rep. Teague, Calif., commended an article by Drew Pearson criticizing the present and proposed REA financing system regarding interest rates etc. p. 16994
12. ANIMAL IMPORTS. Rep. Cunningham inserted his letter to Secretary Freeman urging that arrangements be made for entry of a shipload of wild animals being shipped for American zoos. p. 17004
13. APPROPRIATIONS. Rep. Mahon reviewed House actions on appropriation bills and inserted a table showing the status and amounts. pp. 17015-6
14. OPINION POLL. Rep. Helstoski inserted results of his opinion poll, including items relating to this Department. pp. 17016-7
15. HOUSING. Several Representatives expressed concern about the tight money situation in connection with housing. pp. 16984-5, 16994-5, 17019-22, 17027
16. INFLATION. Several Representatives expressed concern about inflationary pressures. pp. 16985-6, 16995-7, 17012-5

thereon, and that Mr. ASPINALL, Mr. ROGERS of Texas, Mr. O'BRIEN of New York, Mr. SAYLOR, and Mr. HOSMER were appointed managers on the part of the House at the conference.

The message further announced that the House disagreed to the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MORGAN, Mr. ZABLOCKI, Mrs. KELLY of New York, Mr. HAYS, Mr. ADAIR, Mr. MAILLIARD, and Mr. FRELINGHUYSEN were appointed managers on the part of the House at the conference.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO CALL OF THE CHAIR

Mr. MANSFIELD. Mr. President, it is my understanding that the Secretary

of Labor is now being questioned by the last one or two Senators of the Committee on Labor and Public Welfare who have not yet done so.

It is my further understanding that the committee will shortly be going to lunch. Whether anything will be forthcoming from that committee this afternoon, I do not know. But in order that the Senate may be on notice and be prepared to stay in session until a reasonable hour, if need be, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Thereupon, at 2 o'clock and 23 minutes p.m., the Senate took a recess subject to the call of the Chair.)

At 3 o'clock and 53 minutes p. m., the Senate reassembled, when called to order by the Presiding Officer (Mr. McCARTHY in the chair).

AUTHORITY FOR COMMITTEES TO FILE REPORTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, during the adjournment of the Senate, all committees be authorized to file reports, including minority or individual views.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, in view of the fact that the Committee on Labor and Public Welfare is going back into session at 4:15 p.m. and since it appears that a discussion in committee may be going on for some time, I think it is in the best interest of all that the Senate adjourn until 12 o'clock noon tomorrow, and I so move.

The motion was agreed to; and (at 3 o'clock and 54 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, August 2, 1966, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 1, 1966:

DIPLOMATIC SERVICE

J. Robert Schaetzel, of Illinois, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

OFFICE OF SCIENCE AND TECHNOLOGY

Ivan L. Bennett, Jr., of Maryland, to be Deputy Director of the Office of Science and Technology, vice Colin Munro MacLeod.

ATOMIC ENERGY COMMISSION

Carl Walske, of New Mexico, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, vice William Jack Howard, resigned.

House of Representatives

MONDAY, AUGUST 1, 1966

The House met at 12 o'clock noon.

Rev. Father Frederic P. Gehring, C.M., national chaplain, Catholic War Veterans, Washington, D.C., offered the following prayer:

Almighty God, who in the beginning did command the light to shine out of darkness, and did go before Your people in a pillar of fire, let Your word be a lamp to our feet and a light to our path. Illumine our minds and kindle our hearts, that we may see Your truth and run in the way of Your commandments. Before us lie grave problems that perplex the wisest of us: problems that concern the moral and social welfare of our Nation. Who are we, O Lord, that as of ourselves we should presume to know what to do or think? Hear us, O Lord, and send forth Your light and Your truth. Send them especially, we beseech You, into the hearts and minds of those who are appointed to be our leaders: those who legislate and rule and judge, so that by the help of their wise and just ministrations, You may redeem us to Yourself, and our children to walk in Your paths. Through Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, July 30, 1966, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3013. An act to amend title 10, United States Code, to provide gold star lapel buttons for the next of kin of members of the Armed Forces who lost or lose their lives in war or as a result of cold war incidents;

H.R. 11980. An act to authorize the Secretary of the Army to donate two obsolete German weapons to the Federal Republic of Germany;

H.R. 12031. An act to authorize the appointment of Col. William W. Watkin, Jr., professor, of the United States Military Academy, in the grade of lieutenant colonel, Regular Army, and for other purposes; and

H.R. 13374. An act to amend title 10, United States Code, to authorize the award of trophies for the recognition of special accomplishments related to the Armed Forces, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4665. An act relating to the income tax treatment of exploration expenditures in the case of mining.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2097. An act to provide effective procedures for the enforcement of the establishment and free exercise clauses of the first amendment to the Constitution; and

S. 3148. An act to provide for the conveyance of all right, title, and interest of the United States reserved or retained in certain lands heretofore conveyed to the city of El Paso, Texas.

The message also announced that the Vice President, pursuant to Public Law 689, 84th Congress, appointed the following Members on the part of the Senate to the North Atlantic Treaty Organization Parliamentary Conference, to be held in Paris, France, November 14 to 19, 1966: Mr. SPARKMAN, Mr. PASTORE, Mr. JACKSON, Mr. CANNON, Mr. RIBICOFF, Mr. HICKENLOOPER, Mr. MUNDT, Mr. JAVITS, Mr. PROUTY, Mr. BAYH (alternate), and Mr. KUCHEL (alternate).

AMENDING FURTHER THE FOREIGN ASSISTANCE ACT OF 1961

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, and I do not intend to object, which of the two bills on the other side of the Capitol are you going to conference on?

Mr. MORGAN. We are going to conference on the House bill.

Mr. GERALD R. FORD. You are going to conference on the House bill?

Mr. MORGAN. That is correct.

Mr. GERALD R. FORD. Are there two versions of this proposed legislation on the other side of the Capitol?

Mr. MORGAN. There are two versions on the other side of the Capitol but the only bill in conference will be the House bill.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: Messrs. MORGAN and ZABLOCKI, Mrs. KELLY, Messrs. HAYS, ADAIR, MAILLIARD, and FRELINGHUYSEN.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE AIRLINE STRIKE

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, the gauntlet has been flung in the face of the American people by the striking airlines workers. By rejecting the results of the agreement reached Friday night the machinists now imperil the national interest and action must be taken. Congress has moved with restraint hoping that the strike could be settled on reasonable terms. The President has intervened personally. Yet the workers have defied efforts at mediation and now have rejected an agreement reached by their negotiators which would have given them almost double the amount specified in the President's guidelines to hold back inflation. Now the Congress has no choice but to take action. All other legislation now pending should be set aside until this task is finished.

May I call attention to the fact that in an effort to produce results in the continuing airlines strike, the Florida delegation in Congress has introduced legislation to require arbitration and restore air service during the work of the Arbitration Board. In other words, the measure would restore the working conditions existing prior to the strike. It would continue them while the Arbitration Board is meeting and until it makes a decision. This proviso would end the strike or provide a legal basis for an injunction to end it. After that, the award is binding upon both the airlines and the workers for 2 years, during which time a strike over the same issue would not be possible.

The measure introduced by the Florida delegation is patterned on the law enacted in 1963 to settle the railroad dispute. It would not interfere with the future rights of airline labor and management to engage in free collective bargaining, since it is addressed to the present dispute only. The Arbitration Board would be directed to end the present strike, settle the dispute by a binding award, and then go out of existence.

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89th-2nd; No. 146

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HIGHLIGHTS: House received conference report on foreign aid authorization bill. House agreed to conference report on road authorization bill. House committee voted to report bill for rural-renewal loans and cost-sharing for recreation facilities. Rep. Abernethy expressed concern over cotton imports. Senate passed food for freedom bill. Sen. Proxmire urged increase in school milk funds. Rep. Johnson, Calif. commended Forest Service and inserted correspondence.

SENATE

1. **FOOD FOR FREEDOM.** Passed with amendments H. R. 14929, the food for freedom bill. Conferees were appointed. House conferees have not yet been appointed. (pp. 20566-86, 20629-30)

Adopted the following amendments:

By Sen. Morse, to enlarge the Advisory Committee to include the Secretaries of State and of the Treasury, and four members each of the Senate Foreign Relations Committee and the House Foreign Affairs Committee. (pp. 20566-7).

By Sens. Williams, Del. and Neuberger (modified by Cooper amendment), to exclude alcoholic beverages and tobacco or its products from the term "agricultural commodity." pp. 20573-81

2. GUAM. The Commerce Committee reported without amendment S. 2979, to extend coverage of the State Technical Services Act of 1965 to the territory of Guam (S. Rept. 1554). p. 20612
3. ELECTRIFICATION. The Commerce Committee reported with amendment S. J. Res. 189, to provide for a study of the impact of overhead electric transmission lines and towers upon scenic assets, zoning and community planning, property values, and real estate revenues (S. Rept. 1556). p. 20612
4. WILDLIFE. Passed as reported H. R. 9424, to provide for a program of protection and conservation of fish and wildlife threatened with extinction and to consolidate the authorities relating to Interior administration of the national wildlife refuge system. pp. 20857-8
5. PERSONNEL. Conferees were appointed on S. 2393, to authorize additional super-grade positions for use in agencies or functions created or substantially expanded after June 30, 1965. House conferees have already been appointed. p. 20593
6. SURPLUS PROPERTY. A subcommittee of the Government Operations Committee approved for full committee consideration S. 3385, to give State health, education, and civil defense agencies priority over foreign eligible donees in receiving Government surplus property. p. D832
7. NATIONAL PARK. Sen. Kuchel criticized the cutting of timber by a private company on the site of the proposed Redwood National Park. pp. 20562-6
8. WATER AND AIR POLLUTION. Sen. Tydings inserted two articles, one describing industrial waste isolation as "a new concept to preserve fresh water," the second urging businesses to end pollution of the air. pp. 20608-11
9. SCHOOL MILK. Sen. Proxmire urged an increase of \$6 million in funds for the school milk program. p. 20625

HOUSE

10. ROADS. Agreed to the conference report on S. 3155, the road authorization bill, which authorizes \$33 million for forest highways and \$170 million for forest development roads and trails for each of the fiscal years 1968 and 1969. This bill will now be sent to the President. pp. 20452-9
11. FOREIGN AID. Received the conference report on H. R. 15750, the foreign aid authorization bill (H. Rept. 1927). pp. 20488-96
Rep. Bingham inserted an editorial commending Rep. Morgan for his "effective leadership" in the House committee and floor debate on the bill. pp. 20535-6
12. TRAFFIC SAFETY. Both Houses agreed to the conference report on S. 3005, to establish motor vehicle safety standards. This bill will now be sent to the President. pp. 20459-63, 20598-604

CONFERENCE REPORT

ON

FOREIGN ASSISTANCE ACT OF 1966

H.R. 15750

TO AMEND FURTHER THE FOREIGN ASSISTANCE
ACT OF 1961, AS AMENDED, AND
FOR OTHER PURPOSES



AUGUST 31, 1966

U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 1966

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FOREIGN ASSISTANCE ACT OF 1966

August 31, 1966.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted
the following

CONFERENCE REPORT

[To accompany H.R. 15750]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Foreign Assistance Act of 1966"*.

PART I

CHAPTER 1—POLICY

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

(a) In the last paragraph, immediately before the period at the end thereof, insert the following: "and to provide adequate compensation for such damage or destruction".

(b) At the end of section 102 add the following new paragraph:

"The furnishing of economic, military, or other assistance under this Act shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201(b), which relates to general authority to make loans from the Development Loan Fund, is amended as follows:

(1) In the second sentence, strike out the word "and" at the end of clause (5) and strike out the period at the end of the sentence and insert a comma and the following: "(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, (8) the degree to which the recipient country is taking steps to improve its climate for private investment, and (9) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth."

(2) At the end thereof add the following new sentence: "Funds made available under this title, except funds made available pursuant to section 205, shall not be used to make loans in more than ten countries in any fiscal year, except that such loans may be made in any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the making of loans in such additional country during such fiscal year is in the national interest and giving his reasons therefor."

(b) Section 202(a), which relates to authorization for the Development Loan Fund, is amended as follows:

(1) Strike out "\$1,200,000,000" and all that follows down through "succeeding fiscal years" and insert in lieu thereof "\$685,000,000 for the fiscal year 1967 and \$750,000,000 for each of the fiscal years 1968 and 1969".

(2) In the second proviso, strike out "June 30, 1965, and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1969".

(c) Amend section 205, which relates to use of international lending organizations, to read as follows:

"SEC. 205. In order to serve the purposes of this title and the policy contained in section 619, 10 per centum of the funds made available for this title shall be available only for transfer, on such terms and conditions as the President determines, to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Section 211, which relates to general authority, is amended as follows:

(1) In the second sentence of subsection (a) strike out "and" at the end of clause (5) and strike out the period at the end of the sentence

and insert a comma and the following: "(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (8) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth."

(2) At the end of subsection (a), add the following new sentence: "The authority of this title shall not be used to furnish assistance to more than forty countries in any fiscal year, except that such assistance may be furnished to any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the furnishing of assistance to such additional country during such fiscal year is in the national interest and giving his reasons therefor."

(3) At the end of section 211, add the following new subsections:

"(d) Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.

"(e) In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously deficient, a high priority shall be given to efforts to increase agricultural production, particularly the establishment or expansion of adaptive research programs designed to increase acre-yields of the major food crops. Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions."

(b) Section 212, which relates to authorization, is amended by striking out "1966" and inserting in lieu thereof "1967".

(c) Section 214, which relates to American schools and hospitals abroad, is amended as follows:

(1) In subsection (b), strike out "to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research" and insert in lieu thereof "to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens".

(2) Subsection (c), which relates to authorization, is amended by striking out "1966, \$7,000,000" and inserting in lieu thereof "1967, \$10,989,000".

(3) At the end of such section add the following new subsection:

"(d) There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows:

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$7,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1969".

(b) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing guaranteed under section 221(b)(2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department."

(c) Section 224, which relates to housing projects in Latin American countries, is amended as follows:

(1) In subsection (b)(1), strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(2) In subsection (c), strike out "\$400,000,000" and insert in lieu thereof "\$450,000,000: Provided, That \$300,000,000 be used for the purposes of section 224(b)(1)".

(3) In the last proviso of subsection (c), strike out "1967" and insert in lieu thereof "1969".

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251, which relates to general authority, is amended as follows:

(1) In the second sentence of subsection (b), strike out "and" at the end of clause (3) and strike out the period at the end of the sentence and insert a semicolon and the following: "(5) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; (6) the degree to which the recipient country is taking steps to improve its climate for private investment; (7) whether or not the activity to be financed will contribute to

the achievement of self-sustaining growth; and (8) the extent to which the activity to be financed will contribute to the economic or political integration of Latin America."

(2) At the end of such section add the following new subsection:

"(h) Loans may be made under authority of this title only for social and economic development projects and programs which are consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its annual review of national development activities. Whenever the President determines that the purposes of this title would be better served thereby, he may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the Inter-American Development Bank, or to any of the institutions named in section 205, for use pursuant to the laws governing United States participation in the said Bank or in such institutions and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "use beginning" the first place it appears and all that follows down through "year 1966" and insert in lieu thereof "the fiscal year 1967, \$696,500,000, and for each of the fiscal years 1968 and 1969, \$750,000,000, which amounts are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each such fiscal year".

(2) In the second sentence, strike out "1964 through 1966" and insert in lieu thereof "1968 and 1969".

(3) In the last sentence, strike out "June 30, 1965 and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1969".

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new titles:

"TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

"SEC. 271. GENERAL PROVISIONS.—The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.

"SEC. 272. SPECIAL PROVISIONS.—In providing assistance to further the purposes of this title the President shall take into account:

"(1) initiatives in the field of social and economic development by Asian peoples and institutions;

"(2) regional economic cooperation and integration in southeast Asia;

"(3) the extent of participation by other potential donor countries;

“(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

“(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

“SEC. 273. AUTHORIZATION.—The President is authorized to utilize not to exceed \$10,000,000 of the funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

“TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN
DEVELOPMENT

“SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.”

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
PROGRAMS

SEC. 107. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Section 301(a), which relates to general authority, is amended by inserting immediately after “by such organizations” the following: “, and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d),”.

(b) Section 301(b), which relates to general authority, is amended by striking out “United Nations Expanded Program of Technical Assistance and the United Nations Special Fund” and inserting in lieu thereof “United Nations Development Program” and by adding at the end thereof the following new sentence: “The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.”

(c) Section 301(c), which relates to assistance for Palestine refugees in the Near East, is amended by striking out the last sentence and inserting in lieu thereof the following: “Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army.”

(d) Section 302, which relates to authorization, is amended to read as follows:

"SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1967 not to exceed \$140,433,000.

"(b) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967. Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

"(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower."

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Chapter 4 of part I of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended as follows:

(a) Section 401, which relates to general authority, is amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, That not more than thirteen countries may receive assistance under the authority of this chapter in any fiscal year, unless the President determines that it is in the national interest of the United States to furnish such assistance to an additional country or countries. Any such determination, together with the reasons therefor, shall be reported to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives."

(b) Section 402, which relates to authorization, is amended to read as follows:

"SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1967 not to exceed \$715,000,000: Provided, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements shall be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval. Amounts appropriated under this section are authorized to remain available until expended."

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) Subsection (a) is amended as follows:

(1) Strike out "1966" and "\$150,000,000" in the first sentence and insert in lieu thereof "1967" and "\$110,000,000", respectively.

(2) Strike out the second and third sentences.

(b) Subsection (b) is amended by striking out "the first sentence of".

CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

SEC. 110. Part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof a new chapter as follows:

“CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

“*SEC. 471. JOINT COMMISSIONS ON RURAL DEVELOPMENT.*—(a) The President is authorized to conclude agreements with less developed countries providing for the establishment in such countries of Joint Commissions on Rural Development each of which shall be composed of one or more citizens of the United States appointed by the President and one or more citizens of the country in which the Commission is established. A majority of the members of each such Commission shall be citizens of the country in which it is established. Each such agreement shall provide for the selection of the members who are citizens of the country in which the Commission is established who wherever feasible shall be selected in such manner and for such terms of office as will insure to the maximum extent possible their tenure and continuity in office.

“(b) A commission established pursuant to an agreement authorized by this section shall be authorized to formulate and carry out programs for development of rural areas in the country in which it is established, which may include such research, training and other activities as may be necessary or appropriate for such development.

“(c) Not to exceed 10 per centum of the funds made available pursuant to section 212 shall be available to the President in negotiating and carrying out agreements entered into under this section, including the financing of appropriate activities of Commissions established pursuant to such agreements.

“(d) The furnishing of assistance under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

“(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act.”

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504(a), which relates to authorization, is amended to read as follows:

“(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$875,000,000 for the fiscal year 1967: Provided, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish such assistance to more than forty countries in any fiscal year. Amounts appropriated under this subsection are authorized to remain available until expended.”

(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

"(e) From and after the sixtieth day after the date of enactment of the Foreign Assistance Act of 1966, no assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I."

(c) Section 508, which relates to reimbursements, is amended by adding at the end thereof the following new sentence: "Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guarantees) as may be determined by the President shall be transferred to, and merged with, the separate fund account."

(d) Section 510(a), which relates to special authority, is amended by striking out "1966" each place it appears and inserting in lieu thereof in each such place "1967".

(e) Section 512, which relates to restrictions on military aid to Africa, is amended by striking out "fiscal year 1966" and inserting in lieu thereof "each fiscal year".

(f) At the end of such chapter 2, add the following new section:

"SEC. 514. ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—(a) Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

"(b) In order to further encourage regional arms control and disarmament agreements and discourage arms races in the American Republics, notwithstanding the provisions of section 511(a) of this Act, the total value of military assistance and sales (other than training) under this Act or in accordance with section 7307 of title 10, United States Code, for American Republics in any fiscal year shall not exceed \$85,000,000, of which \$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States: Provided, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$85,000,000 limitation provided by this subsection."

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

"(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, non-governmental participation in the development process, and for

utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;”.

(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively.

(3) In subsection (b), strike out “and” at the end of paragraph (6), as so redesignated by paragraph (2) of this subsection; strike out the period at the end of paragraph (7), as so redesignated by paragraph (2) of this subsection, and insert in lieu thereof a semicolon; and at the end thereof add the following new paragraph:

“(8) utilize wherever practicable the services of United States private enterprise on a cost-plus incentive fee contract basis to provide the necessary skills to develop and operate a specific project or program of assistance in a less developed friendly country or area in any case in which direct private investment is not readily encouraged, and provide where appropriate for the transfer of equity ownership in such project or program to private investors at the earliest feasible time.”

(4) Subsection (c) is amended to read as follows:

“(c)(1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Council shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

“(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.

“(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

“(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act.”

(b) Section 604, which relates to procurement, is amended as follows:

(1) Subsection (c), which relates to procurement of agricultural commodities, is amended by striking out the word “surplus” each time it appears and by inserting “or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended,” after the word “commodity” the first time it appears.

(2) Add the following new subsection:

“(e) No funds made available under this Act shall be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity.”

(c) Section 608(a), which relates to advance acquisition of property, is amended by inserting “(including personnel costs)” immediately after “costs” the first place it appears in the first sentence.

(d) Section 610(b), which relates to transfer between accounts, is amended by striking out the last sentence and inserting in lieu thereof the following: "Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam."

(e) Section 612, which relates to the use of foreign currencies, is amended by adding a new subsection as follows:

"(c) In addition to funds otherwise available, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 per centum of the aggregate of all excess foreign currencies. As used in this subsection, the term 'voluntary family planning program' includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance, and supplies to individuals who desire such assistance."

(f) Section 614(a) which relates to special authorities, is amended by adding at the end thereof the following new sentence: "The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression."

(g) Section 614(c), which relates to special authorities, is amended by adding at the end thereof the following: "The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection."

(h) Section 620, which relates to prohibitions against furnishing assistance, is amended as follows:

(1) The first sentence of subsection (i) is amended to read as follows: "No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or which hereafter is officially represented at any international conference when that representation includes the planning of activities involving insurrection or subversion, which military efforts, insurrection, or subversion, are directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural

Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased, or such representation has ceased, and he reports to the Congress that he has received assurances satisfactory to him that such military

efforts or preparations will not be renewed, or that such representation will not be renewed or repeated."

(2) Subsection (k) is amended to read as follows:

"(k) Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. Except as otherwise provided in section 510, no military assistance shall be furnished to any country under this Act for carrying out any program, with respect to which the aggregate value of assistance to be furnished beginning July 1, 1966, by the United States will exceed \$100,000,000 unless such program has been included in the presentation to the Congress during its consideration of authorizations for appropriations under this Act or of appropriations pursuant to authorizations contained in this Act. No provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection."

(3) Subsection (l) is amended to read as follows:

"(l) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1)."

(4) Subsection (n) is amended to read as follows:

"(n) In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1966—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam."

(5) At the end of such section 620, add the following new subsections:

"(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.

"(q) No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in

payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

“(r) No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan.”

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Section 622, which relates to coordination with foreign policy, is amended as follows:

(1) Subsection (b) is amended by striking out “(including any civic action and sales program)” and substituting “(including civic action) or sales programs”.

(2) Subsection (c) is amended by striking all after “general direction of” and substituting “economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.”

(b) Section 624(d), which relates to the Inspector General, Foreign Assistance, is amended by adding at the end thereof the following new paragraph:

“(8) Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph.”

(c) Section 634, which relates to reports and information, is amended by adding at the end thereof the following new subsection:

“(f) The Secretary of the Treasury shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports showing as of June 30 and December 31 of each year the repayment status of each loan theretofore made under authority of this Act any part of the principal or interest of which remains unpaid on the date of the report.”

(d) Section 635(h), which relates to general authorities, is amended by inserting “(except development loans)” immediately after “II, V, and VI”.

(e) *Section 637(a), which relates to administrative expenses, is amended by striking out "1966 not to exceed \$54,240,000" and inserting in lieu thereof "1967 not to exceed \$55,813,500".*

And the Senate agree to the same.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
MIKE MANSFIELD,
BOURKE B. HICKENLOOPER,
GEORGE D. AIKEN,
FRANK CARLSON;
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment, which is a substitute for both the text of the House bill and the text of the Senate amendment, and that the Senate agree to the same.

Except for conforming clerical and minor drafting changes, the differences between the House bill and the substitute agreed to in conference are noted below.

BASIC DIFFERENCES

The House bill and the Senate amendment contained numerous and important differences. Many of these differences reflected a divergence between the managers on the part of the House and the managers on the part of the Senate in their concepts of the objectives of the foreign aid program and of the relation of foreign aid to the implementation of U.S. foreign policy.

Although the committee of conference agreed to compromise language with respect to major differences, the conference report does not reflect a reconciliation of the basic positions of the Senate and the House conferees as to the nature and the administration of foreign aid.

MILITARY ASSISTANCE

The Senate amendment contained no language relating to military assistance because the Senate had passed a separate bill, S. 3583, dealing with this matter. Most of the provisions of the House bill relating to military assistance had been included in S. 3583 as approved by the Senate and were agreed to by the committee of conference after the managers on the part of the House accepted authorizations for a single fiscal year instead of the 2-year authorizations contained in the House bill.

Authorization (sec. 201(a))

The House bill authorized \$917 million for military assistance. There was no authorization for military assistance in the Senate amendment.

The managers on the part of the House agreed to a figure of \$875 million and to a requirement that military assistance shall not be

furnished, other than for training in the United States, to more than 40 countries in any fiscal year.

Use of local currencies derived from sales of agricultural commodities for the common defense (sec. 201(b))

The managers on the part of the House accepted an amendment to section 201(b) of the House bill, which required that no military assistance may be provided to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until such country agrees to permit the use of foreign currencies to procure military equipment, materials, facilities, and services for the common defense. The amendment allows a period of 60 days after enactment of this bill for the necessary negotiation of agreements.

Assistance to the American Republics (sec. 201(f))

The House bill included a provision that sales of defense articles or services under the authority of the Foreign Assistance Act of 1961 shall be administered so as to encourage regional arms control agreements and discourage arms races.

The Senate amendment did not contain such a provision.

The managers on the part of the House accepted a limitation that military assistance and sales (other than training) to the American Republics shall not exceed \$85 million.

The purpose of this limitation is to discourage the governments of the American Republics from diverting their limited resources from programs of economic and social development to building military establishments larger than necessary to maintain internal security and defend against border incursions.

Should this limitation prove to be too restrictive or fail to accomplish its objective because of procurement from non-U.S. sources, the managers on the part of the House are prepared to initiate appropriate remedial action.

ONE-YEAR AUTHORIZATION

The House bill contained authorizations of funds for fiscal years 1967 and 1968 for seven of the programs included in the Foreign Assistance Act, as well as extending for 2 years authority with respect to certain foreign assistance operations which had been subject to specific time limitation, except that funds for development loans and the Alliance for Progress were authorized for 5 years.

The Senate amendment limited all authority to a single year except for a 2-year authorization of funds for the Alliance for Progress.

The committee of conference agreed to an authorization for 3 years for the development loan fund and for the Alliance for Progress, and for 1 year only with respect to other authorizations of funds and those provisions of the House bill which had authorized operations for a 2-year period.

LIMITATION ON THE NUMBER OF COUNTRIES TO WHICH ASSISTANCE MAY BE PROVIDED

The Senate amendment limited the number of countries to which development loans could be provided to 10, the number of countries to which technical cooperation and development grants could be pro-

vided to 40, and the number of countries to which supporting assistance could be provided to 10. With respect to the development loan fund and to technical cooperation and development grants, assistance could be provided to additional countries only after the President had submitted to the Committees on Foreign Relations and Foreign Affairs a report that assistance to such countries was in the national interest and each of the committees had adopted a resolution approving assistance to the additional countries.

In the case of supporting assistance, the President could increase the number of countries after determining that such increase was in the national interest and reporting to the Committee on Foreign Relations of the Senate and to the Speaker of the House.

The House bill contained no limitation on the number of countries to which assistance could be provided.

The managers on the part of the House accepted the limitation of development loans to 10 countries and of technical cooperation and development grants to 40 countries after getting agreement that the President could provide assistance to any additional country 30 days after submitting to the Committee on Foreign Relations of the Senate and the Speaker of the House a report stating that assistance to such country is in the national interest and giving his reasons.

The managers on the part of the House accepted a limitation on the number of countries to receive supporting assistance of 13 rather than 10 as contained in the Senate amendment, together with the requirement for a Presidential determination and notification to the Congress as contained in the Senate amendment.

The managers on the part of the House also accepted a limitation on the number of countries to which military assistance could be provided to 40 after being informed that the executive branch did not oppose such a limitation.

It was the understanding of the managers on the part of the House that countries receiving U.S. aid as participants in programs or projects organized or administered by international organizations or carried on on behalf of or jointly by a group of nations are not to be included in determining the number of countries subject to the various limitations on the number of countries to which assistance may be provided.

Although the House conferees share with the Senate a desire to reduce foreign aid expenditures and to curtail the magnitude and scope of foreign aid operations, they do not regard the limiting by law of the number of countries to which assistance may be provided as being a desirable or effective means of attaining the desired objective.

The Committee on Foreign Affairs pointed out in its report on the Foreign Assistance Act of 1966 (H. Rept. 1651) that the Foreign Assistance Act provides " * * * the President with a variety of tools which are essential to the conduct of U.S. foreign policy" and that "it is not to our advantage to impose restrictions on the purposes or the countries for which these tools can be used, the effect of which is to deprive us of the means for dealing with situations which may occur."

The managers on the part of the House do not believe that the United States should provide assistance to foreign countries unless such assistance makes a significant contribution to the attainment of our foreign policy objectives. It is essential that the Congress be on guard against any tendency on the part of those responsible for foreign

aid operations to regard the extension of assistance to additional countries and the expansion of programs already in existence as being normal, inevitable, or desirable.

To the extent that the limitations on the number of countries agreed to by the committee of conference cause the Executive to exercise prudence in extending or expanding U.S. assistance to other countries, they may serve a useful purpose. The President is given discretion, however, to exceed these limits when he determines that it is in the national interest to do so.

CHANNELING U.S. ASSISTANCE THROUGH INTERNATIONAL ORGANIZATIONS

The Senate amendment contained four provisions relating to the channeling of U.S. economic aid funds through international lending organizations or multilateral programs. The House bill did not include comparable provisions.

Two of these provisions were deleted by the committee of conference.

Development loans

The Senate amendment (sec. 102(e)) provided that 15 percent of development loan funds should be available only for transfer to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation. Under existing law, transfer of the same percentage is authorized, but funds are not required to be used only for this purpose.

The managers on the part of the House accepted a set-aside of 10 percent of development loan funds for such transfers.

Alliance for Progress

The Senate amendment contained an authorization to transfer up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank, the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation. Such authority was permissive and did not require the set-aside of funds for the use of these institutions.

The managers on the part of the House accepted this provision.

The managers on the part of the House recognize the importance of the international lending agencies and anticipate that these institutions will have an increasing role in promoting the economic development of the less developed countries.

Although there may be situations where it would be in the interest of the United States to transfer foreign assistance funds to such agencies for specific operations, the House conferees do not believe that responsibility for the administration of the foreign assistance program or foreign assistance funds should be shifted to these international institutions.

The foreign assistance program should exist primarily to provide tools for the implementation of U.S. foreign policy.

The functions, responsibilities, and financial requirements of each of the international lending agencies are determined in important respects by other considerations.

As such agencies develop the capability and have available the necessary resources to assume increasing responsibility for promoting economic development, it should be possible for the United States to curtail bilateral assistance for this purpose.

Such shifting of responsibility and curtailment of bilateral assistance should, however, be accomplished by a phasing down of the foreign assistance program and an evaluation by the United States of its contributions to each of the international lending institutions on an individual basis rather than by the transfer of funds.

AUTHORIZATION OF FUNDS

The following table shows the differences between the House bill and the Senate amendment, and the sums agreed to by the committee of conference.

Foreign Assistance Act of 1966 (fiscal year 1967)

[In thousands]

Program	House ¹	Senate ²	Conference ³	Difference ⁴
Development loan fund.....	\$1,000,000	\$370,000	\$685,000	{ H-315,000 S+315,000
Technical cooperation and development grants.....	231,310	210,000	210,000	H-21,310
American schools and hospitals abroad.....	10,989	10,989	10,989	
Local currency.....	1,000	1,000	1,000	
Alliance for Progress.....	850,000	543,000	696,500	{ H-153,500 S+153,500
Loans.....	(\$700,000)	(\$455,300)	(\$596,500)	{ (H-103,500) (S+141,200)
Grants.....	(\$150,000)	(\$87,700)	(\$100,000)	{ (H-50,000) (S+12,300)
Southeast Asia multilateral and regional programs.....	(⁵)	(⁵)	(⁵)	
International organizations and programs.....	140,433	140,433	140,433	
UNICEF.....	1,000		1,000	S+1,000
Supporting assistance:				
General.....	200,000	658,000	715,000	{ H-35,000 S+57,000
Vietnam.....	550,000			
Contingency fund.....	150,000	70,000	110,000	{ H-40,000 S+40,000
Administrative expenses:				
AID.....	57,387	54,240	55,813.5	{ H-1,573.5 S+1,573.5
State Department.....	(⁶)	3,100	(⁷)	S-3,100
Total economic.....	3,192,119	2,060,762	2,625,735.5	{ H-566,383.5 S+564,973.5
Military assistance ⁸	917,000	⁹ 792,000	875,000.0	{ H-42,000 S+125,000
Total.....	4,109,119	2,852,762	3,500,735.5	{ H-608,383.5 S+647,973.5

¹ House bill authorized the same amounts for fiscal 1967 and 1968, except 5 years in the case of the Development Loan Fund and the Alliance for Progress, and except \$1,000,000 for excess foreign currencies and \$1,000,000 for UNICEF for fiscal 1967 only.

² Senate bill authorized funds for fiscal year 1967 only, except 2 years for the Alliance for Progress.

³ Conferees agreed to authorization for fiscal year 1967 only, except 3 years for the Development Loan Fund (\$750,000,000 for fiscal years 1968 and 1969) and 3 years for the Alliance for Progress (\$750,000,000 for fiscal years 1968 and 1969).

⁴ H=House; S=Senate.

⁵ House bill authorized use of part I funds for this purpose but specified no amount; Senate amendment authorized \$50,000,000 of economic funds otherwise made available; conferees agreed to House language with inclusion of specific amount of \$10,000,000 as ceiling.

⁶ Permanent authorization is in existing law.

⁷ Senate amendment repealed permanent authorization in existing law and authorized \$3,100,000 for fiscal year 1967. In conference, Senate receded, leaving permanent authorization in law.

⁸ The Senate amendment to H. R. 15750 did not contain any authorization for military assistance. S. 3583, however, which the Senate adopted provided \$792,000,000 for this purpose for fiscal year 1967.

Other changes in the House bill agreed to by the committee of conference are as follows:

PART I

CHAPTER 1—POLICY

Sense of Congress concerning Communist-supported military propaganda by aid-recipient countries (House bill, sec. 101(a)).

The House bill amended section 102 of the act to express the sense of Congress that the President keep the Congress fully and currently informed concerning aid-recipient countries which divert their economic resources for military propaganda supported by the Soviet Union or Communist China and directed against other aid-recipient countries or the United States.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House agreed to the deletion of this requirement with the understanding that such deletion does not indicate any diminution of the opposition of Congress to the diversion of economic resources to finance propaganda against other nations receiving assistance, and with the assurance of the Executive that the Congress would be kept fully and currently informed on this subject without a specific legal requirement to do so.

Assistance not to be construed as U.S. military commitment (sec. 101(b))

The Senate amendment added a sentence to section 102 of the act which is the statement of policy. The new sentence stated that the Act or the furnishing of assistance under the act or under the Military Assistance and Sales Act shall not be construed as creating a new commitment or as affecting any existing commitment to use Armed Forces of the United States for the defense of any foreign country.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language with an amendment that deleted the reference to the Military Assistance and Sales Act. This deletion was necessary since the Senate had accepted the single bill concept which included both economic and military assistance. The House conferees have proceeded in the knowledge that such military commitments as the United States has undertaken abroad for the defense of another country have been based upon treaties and other international agreements apart from the Foreign Assistance Act. The inclusion of the new sentence will remove any uncertainty that may exist on the part of others that such is not the case.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Added criteria for development loans (sec. 102(a)(1))

The Senate amendment amended section 201 of the act by adding three criteria to be taken into account in making development loans:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(b) The recipient's steps to improve its climate for domestic and foreign private investment through (1) encouragement of maximum private ownership of industry, (2) nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, and (3) adequate protection of industrial property rights; and

(c) Whether or not the activity will contribute to self-sustaining growth.

The House bill contained a provision comparable to the second of the Senate's three new criteria ((b), above) which simply stated that the President, in carrying out the development loan program, shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

The committee of conference accepted the language in the Senate amendment as contained in points (a) and (c) above but adopted the broader language of the House in lieu of the Senate statement in point (b). It is their belief that the inclusion of these new criteria provide a more comprehensive guide in seeking to achieve progress in many areas of development.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

Added criteria for technical cooperation and development grants (sec. 103 (a)(1))

The Senate amendment amended section 211 of the act to add two criteria to be taken into account in making technical cooperation and development grants:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and

(b) Whether or not the activity will contribute to self-sustaining growth.

These criteria are identical with the proposed development loan criteria relating to free institutions and self-sustaining growth contained in section 102(a)(1) of the Senate amendment.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate language. As in the case of the inclusion of the new criteria that were added to the development loan section, the addition of these new criteria for technical cooperation reflect more fully the broad objectives the United States seeks to achieve through technical assistance programs.

Increasing agricultural production through agricultural research (sec. 103(a)(3))

The Senate amendment added to section 211 of the act a new subsection (e). The new language stated that in developing countries where food production is not meeting the demands of population, or diets are seriously deficient, high priority should be given to increased agricultural production, particularly through adaptive agricultural research programs based on cooperative undertakings between universities and research institutions in the United States and in the developing countries.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language. It reflects the concern that a preoccupation of countries with industrial development too often minimizes the improvement of agricultural production. It is in line with the increased emphasis that AID plans to give to agriculture in the next fiscal year. American land grant colleges and universities, under contract with AID, have played a central role in the creation of agricultural training institutions and centers for adaptive research in the less developed countries. The new subsection is consonant with the new subsection (d) included in the House bill which authorizes the use of not more than \$10 million of technical assistance funds or grant funds under the Alliance for Progress to strengthen the capacity of U.S. research and educational institutions to develop and carry out programs concerned with the economic and social development of the less developed countries.

TITLE III—INVESTMENT GUARANTIES

Specific risk guaranty ceiling (sec. 104(a)(1))

The House bill amended section 221(b) of the act to increase from \$5 to \$8 billion the total face amount of specific risk guaranty contracts that may be outstanding at any one time.

The Senate amendment did not contain a comparable provision.

In view of the fact that the ceiling of \$8 billion contained in the House bill was related to a 2-year authorization, the managers on the part of the House accepted a reduction to \$7 billion.

Extended risk guaranty termination date (sec. 104(a)(3))

The House bill amended section 221(b) of the act to extend the termination date for extended risk guaranty authority from June 30, 1967, to June 30, 1970.

The Senate amendment extended the termination date to June 30, 1968.

The managers on the part of the House agreed to an extension of the termination date to June 30, 1969. Although the committee of conference had agreed to a 1-year authorization for foreign assistance, it was believed that it was desirable to assure eligible investors who had started planning before June 30, 1968, but were unable to complete their investments by that time against the possibility that the extended risk guaranty program might lapse.

Increase in maximum period of guaranty of equity investment (House bill, sec. 104(b))

The House bill amended section 221(c) of the act to increase the maximum period of specific risk and extended risk guaranties on equity investments from 20 to 30 years.

The Senate amendment did not contain a comparable provision.

The House receded. The managers on the part of the House accepted the argument that extension of guaranties beyond 20 years would not significantly increase the incentive for investment while lengthening the exposure of the U.S. Government to the risks involved.

Ceiling on Latin American housing guaranty authority (sec. 104(c)(2))

The House bill amended section 222(c) of the act to increase from \$400 to \$500 million the ceiling on the total face amount of outstanding Latin American housing guaranties, and to provide that \$350 million

of this total could be used only for the purposes of section 224(b)(1) (pilot or demonstration housing projects).

The Senate amendment did not increase the present \$400-million ceiling on issuing authority but required that at least \$50 million of the additional \$150 million in issuing authority provided in the Foreign Assistance Act could be used only for the purposes of section 224(b)(1).

The committee of conference agreed to split the difference between the ceilings on Latin American housing guaranties and accepted a figure of \$450 million. The House figure of \$350 million earmarked for pilot or demonstration projects was reduced to \$300 million.

Latin American housing guaranty termination date (sec. 104(c)(3))

The House bill amended section 222(c) of the act to extend the termination date for Latin American housing projects guaranty termination from June 30, 1967 to June 30, 1970.

The Senate amendment extended the termination date to June 30, 1968.

The committee of conference agreed to a termination date of June 30, 1969. The provision in the House bill had been related to a 2-year authorization for the foreign assistance program but it was felt that the termination date should be extended for 2 years beyond the authorization provided for the rest of the program in order to assure those eligible investors who had started planning before June 30, 1968, but were unable to complete their investments by that time against the possibility that the Latin American housing guaranty program might lapse.

TITLE VI—ALLIANCE FOR PROGRESS

Adding criteria for Alliance for Progress assistance (sec. 105(a)(1))

The Senate amendment amended section 251(b) of the act to add four criteria to be taken into account in furnishing assistance under the Alliance for Progress:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(b) The recipient's steps to improve its climate for domestic and foreign private investment through (1) encouragement of maximum private ownership of industry; (2) nondiscriminatory treatment between national and nonnational and between public and private enterprises and products; and (3) adequate protection of industrial property rights;

(c) Whether or not the activity will contribute to self-sustaining growth; and

(d) The extent to which the activity will contribute to the economic and political integration of Latin America.

The House bill amended section 251(b) to add a provision comparable to the Senate version's private investment criterion (b, above) which requires the President, in carrying out the Alliance for Progress title, to seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

The first three criteria (a, b, c above) of the Senate amendment and the policy statement in the House bill were identical with the development loan criteria and policy statement in section 102(a)(1) of the Senate amendment and section 102(a) of the House bill.

The committee of conference accepted the language in the Senate amendment as contained in points (a) and (c) above but adopted the broader language of the House in lieu of the Senate statement in point (b). This action was consistent with that taken regarding the new criteria for the development loan program. The managers on the part of the House also accepted the Senate language contained in point (d) above. Such language will make clear the importance of increased economic and political integration among the American Republics in furthering the goals of the Alliance for Progress.

Alliance loans consistent with CIAP findings and recommendations (sec. 105(a)(2))

The Senate amendment added a new subsection (h) to section 251 of the act requiring that Alliance for Progress loans be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP).

The House bill did not contain a comparable provision.

The House receded with an amendment. The original Senate language was predicated on the assumption that CIAP approves or disapproves the national economic plans of Latin American countries. Such is not the case. CIAP confines its functions to an annual review of country programs during which it makes suggestions and recommendations for changes and for implementation of development plans. The language accepted by the committee of conference reflects more accurately the role performed by CIAP in dealing with national plans.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

Southeast Asia multilateral and regional programs (sec. 106)

The House bill added a new title VIII to the act which provided for the use of funds (other than Alliance for Progress funds) otherwise available under part I of the act for southeast Asia multilateral and regional programs. The Senate amendment also included this new title but provided for the use of not more than \$50 million in fiscal year 1967 of the funds otherwise made available under the act for the purposes of the new title.

The committee of conference accepted the House language but included a ceiling of \$10 million on the funds otherwise available in part I of the act (except the Alliance for Progress funds) that may be used under the new title. The Executive did not request an appropriation for this title for fiscal year 1967. The funds that may be used under the language agreed upon by the committee of conference are available without fiscal year limitation. The amount is sufficient to permit planning and modest programs in this pioneer venture. Anything beyond that would require further justification and congressional action.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Restriction on aid for Palestine Liberation Organization members (sec. 107(c))

The House bill amended section 301(c) of the act to provide that no contribution shall be made to the United Nations Relief and

Works Agency (UNRWA) unless UNRWA takes all possible measures to assure that no part of the U.S. contribution is used to furnish assistance to any refugee "receiving training as a member of the so-called Palestine Liberation Organization."

The Senate amendment did not contain a comparable provision.

The Senate conferees accepted the House language with two amendments:

First, the word "Army" was substituted for the word "Organization" since it is the Palestine Liberation Army that is a paramilitary group whose professed aim is to secure Arab rights in Palestine by force.

Second, the word "military" was inserted before training to indicate the particular type of activity to which the amendment is applicable.

Contributions to United Nations programs contrary to U.S. foreign policies (House bill sec. 107(d))

The House bill amended section 301 of the act by adding a new subsection (d) requiring the President to seek to assure that no U.S. contribution to any United Nations activity shall be used for activities contrary to the policies of the United States.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House receded. The committee of conference accepted another House amendment dealing with the United Nations Development Program that seeks to assure that no U.S. contribution to that program is used for projects in Castro Cuba. The Senate conferees were not willing to accept an amendment that applied to a wide range of programs and the implications of which could not be foreseen.

Indus Basin loan authorization (House bill sec. 107(e))

The House bill amended section 302 of the act to authorize the appropriation of \$51,220,000 for dollar repayable loans for Indus Basin development for use beginning in fiscal year 1968.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House receded in view of the fact that all authorizations in the bill except for development loans and the Alliance for Progress were limited to fiscal year 1967.

CHAPTER 4—SUPPORTING ASSISTANCE

Budgeting of Vietnam counterpart funds (sec. 108(b))

The House bill amended section 402 of the act to require that counterpart funds accruing from commodities provided to the Government of Vietnam under the supporting assistance program should not be budgeted by that government for economic assistance without the prior written approval of the President of the United States or his representative.

The Senate amendment contained no comparable provision.

The managers accepted insertion in the language of the House bill of the words "arrangements shall be made to assure that" in order to make clear that the mandate of the amendment is directed to the executive branch of the Government of the United States rather than to the Government of Vietnam, an independent foreign sovereign.

CHAPTER 5—CONTINGENCY FUND

Deletion of reference to 1966 supplemental contingency funds (Senate amendment sec. 109(a)(2))

The Senate amendment amended section 451 of the act to delete the requirement that contingency funds appropriated under the fiscal year 1966 Supplemental Foreign Assistance Authorization Act not be used to provide assistance to any country permitting ships or aircraft under its registry to carry cargo to or from North Vietnam, unless the President determined and reported to the Congress that withholding such assistance would be contrary to the national interest. The House bill did not contain a comparable provision.

The managers on the part of the House accepted the deletion of this provision which became obsolete upon the expiration of the fiscal year ending June 30, 1966.

A comprehensive provision denying assistance to nations permitting ships or aircraft to trade with North Vietnam was included in both the House bill and the Senate amendment and appears in section 301(h)(4) of the accompanying conference report.

CHAPTER 6—ASSISTANCE TO NONINDUSTRIALIZED COUNTRIES

Assistance for population control (Senate amendment sec. 110)

The Senate amendment added a new section 462 to the act which explicitly authorizes the use of economic assistance funds, upon the request of a recipient country, to furnish technical and other assistance for the control of population growth.

The House bill did not contain a comparable provision.

The managers on the part of the Senate receded. The committee of conference recognized that the act now provides sufficient authority for AID to carry out technical assistance and other activities in the field of population control.

CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

Joint commissions on rural development (sec. 110)

The Senate amendment added a new chapter 7 to part I expressly authorizing the President to conclude agreements with less developed countries for the establishment of joint commissions on rural development. A commission would be composed of a least one U.S. citizen and one or more citizens of the participating country, with the latter to constitute a majority. Where feasible, members from the participating country would be so selected as to provide tenure and continuity in office. A commission would be authorized to carry out programs for development of rural areas, including appropriate research, training, and other activities. Up to 10 percent of technical cooperation funds could be used to carry out the new chapter. The furnishing of assistance under the chapter would not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. They were aware of the success of this approach in Taiwan

and the efforts that have been made elsewhere to use the joint commission. It is their expectation that a clear endorsement by the Congress on this subject will serve to attract attention and to revive interest among those countries that could most benefit from the establishment of a joint commission.

PART III

CHAPTER 1—GENERAL PROVISIONS

Use of U.S. private enterprise contracts (sec. 301(a)(3))

The House bill amended section 601 of the act by adding a new subsection (8) requiring that U.S. private enterprise be hired on a cost-plus-incentive-fee contract basis to carry out projects and programs where direct private investment was not readily encouraged. It further provided that equity ownership in projects and programs should be transferred to private investors at the earliest feasible time.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House recognized the merit of the argument that the House language might be too restrictive in such fields as education and health where the services of the private enterprise contractors might not be available and where it would be impossible to transfer to private investors equity ownership in a school system or a hospital.

They, therefore, accepted an amendment inserting the words "wherever practicable" and "where appropriate" in the House provision.

Procurement of "surplus" agricultural commodities (sec. 301(b)(1))

The Senate amendment amended section 604(c) of the act to make a technical change in the restriction on offshore procurement of grant agricultural commodities by applying the restriction to "any agricultural commodity or product thereof available for distribution under the Agricultural Trade and Development Act of 1954, as amended" rather than to "any surplus agricultural commodity."

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with the understanding that the requirement contained in existing law that procurement of agricultural commodities be made "only within the United States except to the extent that such commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this act" remained unchanged.

Restriction on offshore procurement of agricultural commodities (sec. 301(b)(2))

The Senate amended section 604 of the act by adding a new subsection (e) which prohibited offshore procurement of any agricultural commodity when the domestic price is below parity.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision.

It is recognized that agricultural commodities will have to be procured outside the United States under exceptional circumstances. When such procurement does occur it should be managed so as not to depress or adversely affect U.S. farm prices. —

Use of excess foreign currencies for family planning (sec. 301(e))

The Senate amendment added a new subsection (c) to section 612 of the act to make explicit the availability of excess foreign currencies for voluntary family planning programs in countries requesting such assistance. No program is to be assisted unless the recipient country takes reasonable precautions in administering the program to insure that persons receiving assistance desire it. Up to 5 percent of the aggregate of all excess foreign currencies may be used for this purpose in any one year without appropriation. Voluntary family planning program is defined to include the manufacture of medical supplies, and the dissemination of family planning information, medical assistance and supplies to individuals who desire such assistance.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment which deleted the provision in the Senate version that waived the requirements of section 1415 of the Supplemental Appropriations Act of 1953.

Reports on unvouchered funds (sec. 301(g))

The Senate amendment added to section 614(c) of the act, a requirement that the President report promptly and fully to the Speaker of the House of Representatives and the chairman and ranking minority member of the Senate Committee on Foreign Relations concerning each use of funds under that section.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. Section 614(c) authorizes the President to use amounts not to exceed \$50 million of the funds made available under the Foreign Assistance Act on an unvouchered basis when he certifies that it is inadvisable to specify the nature of the use of such funds. The amendment will require a limited disclosure of the use of unvouchered funds.

Participation in international conferences planning subversion (sec. 301(h)(1))

The House bill amended section 620(i) of the act to prohibit assistance, including assistance under Public Law 480, to any country which the President finds is participating officially in any international conference to plan activities involving insurrection or subversion directed against the United States or recipients of U.S. aid.

The Senate amendment contained no comparable provision.

The managers on the part of the Senate receded with an amendment. The purpose of the amended language is to make clear that the application of this provision is limited to a country that has official representation at an international conference when that representation includes the planning of activities involving insurrection or subversion directed against the United States or a recipient of U.S. assistance.

Approval of Congress for assistance exceeding \$100 million (sec. 301(h)(2))

The House bill amended section 620(k) of the act to require express congressional approval of any assistance under the act furnished "to any country for construction of any productive enterprise, or for carrying out any program" where the aggregate value of assistance exceeds \$100 million.

The Senate amendment amended section 620(k) to require express congressional approval of (a) any economic assistance under the act furnished "to any country for construction of any productive enterprise" where the aggregate value of assistance exceeds \$100 million, and (b) any military assistance "to any country for carrying out any program" when the aggregate value of assistance exceeds \$100 million.

The committee of conference accepted the House language with two amendments. First, the words "or for carrying out any program" as they pertain to assistance for a productive enterprise were deleted. This removes any ambiguity as to whether such words relate to individual projects, to a series of related loans, or to AID country programs. Second, the managers on the part of the House accepted a modification of the Senate restriction on military assistance which retained the \$100 million limitation while making clear that countries receiving military assistance aggregating more than \$100 million would not have to be identified by name in the authorizing legislation.

It was the understanding of the managers on the part of the House that limitations contained in this section apply only to assistance provided under the authority of the Foreign Assistance Act.

Arbitration of indebtedness to U.S. citizens (Senate amendment sec. 201(i))

The Senate amendment added a new section 620(p) to the act prohibiting the furnishing of assistance under the act to any country whose government or an agency or subdivision thereof fails within 6 months after request to consent to arbitration under the Convention on the Settlement of Investment Disputes of any claim against it by any U.S. citizen, or any entity, 50 percent or more beneficially owned by U.S. citizens. The new section would take effect when the convention entered into force with respect to the United States.

Prohibition against relieving loan recipients of liability (sec. 301(h)(5))

The Senate amendment added a new section 620(t) to the act prohibiting relief of any loan recipient from liability for the repayment of any part of the principal or interest on a loan made under the authority of the act.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. The effect of the new language is to prevent the conversion of AID loans to grants. It would not prevent AID from renegotiating any outstanding loan.

Prohibition on assistance to countries 6 months in default on AID loans (sec. 301(h)(5))

The Senate amendment added a new section 620(s) to the act which prohibits the furnishing of any assistance under the act to any country in default in excess of 6 calendar months on an AID loan made to that country, unless the country meets its obligations under the loan or the President determines and reports to the Congress that such assistance is essential to the national interest.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language with an amendment to permit the President to waive the prohibition on assistance when he determines it is "in" the national interest.

*Treasury Department reports on repayment status of AID loans
(sec. 302(c))*

The Senate amendment amended section 634 of the act by adding a new subsection (f) requiring that the Secretary of the Treasury transmit to the Congress semiannual reports on loans made under the act for which any part of the principal or interest remains unpaid.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate amendment. The Treasury Department is the custodian of all public funds. Therefore it should have primary responsibility for reporting on these transactions.

The House bill did not contain a comparable provision.

Although the Senate receded with respect to this provision, the committee of conference was impressed with the argument that a U.S. firm had been badly treated by the Government of Iran. Although the U.S. firm has not exhausted the legal remedies available to it, so that the termination of assistance to Iran is not yet mandatory under the terms of sections 620 (c) or (e) of the Foreign Assistance Act, the experience of this firm casts doubt on the interest of the Government of Iran in encouraging private enterprise and the effectiveness of the efforts being made in that country to promote economic development.

THOMAS E. MORGAN.

EDNA F. KELLY,

WAYNE L. HAYS,

W. S. MAILLIARD,

PETER H. B. FRELINGHUYSEN,

Managers on the Part of the House.



thousands of technicians that American taxpayers support through various devices and organizations around the world. But I am sure there is little disposition in the House or in the Congress to cut back on any of these and outlays of money that are costing the taxpayers of this country dearly. Although I do not like it, in this case I again bow to the inevitable and yield back the balance of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 16574) to amend the Peace Corps Act (75 Stat. 612), as amended, and for other purposes, pursuant to House Resolution 984, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mrs. BOLTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 322, nays 15, not voting 95, as follows:

[Roll No. 259]

YEAS—322

Adair	Burton, Calif.	Donohue
Adams	Byrne, Pa.	Dow
Albert	Byrnes, Wis.	Downing
Anderson, Ill.	Cabell	Dulski
Anderson, Tenn.	Cahill	Duncan, Oreg.
Andrews, Glenn	Callan	Duncan, Tenn.
Andrews, N. Dak.	Carey	Dwyer
Annunzio	Carter	Dyal
Arendis	Casey	Edwards, Ala.
Ashbrook	Cederberg	Edwards, La.
Ashley	Chamberlain	Ellsworth
Aspinall	Chelf	Erlenborn
Ayres	Clancy	Evans, Colo.
Bandstra	Clark	Everett
Bates	Clausen,	Evins, Tenn.
Beckworth	Don H.	Farbstein
Belcher	Clawson, Del.	Farnsley
Bennett	Cleveland	Farnum
Berry	Collier	Fascell
Betts	Colmer	Feighan
Bingham	Conable	Findley
Blatnik	Conte	Fino
Boggs	Cooley	Flood
Bolton	Cramer	Flynt
Bow	Culver	Fogarty
Brademas	Curtis	Foley
Bray	Daddario	Ford, Gerald R.
Brock	Dague	Ford,
Brooks	Daniels	William D.
Brown, Calif.	Davis, Wis.	Fountain
Brown, Clarence J., Jr.	Dawson	Fraser
Broyhill, N.C.	de la Garza	Frelinghuysen
Broyhill, Va.	Delaney	Fulton, Pa.
Buchanan	Dent	Fuqua
Burke	Denton	Gathings
	Derwinski	Giaimo
	Devine	Gibbons
	Dingell	Gilbert
	Dole	Gonzalez

Goodell	McFall
Grabowski	McGrath
Gray	McVicker
Green, Oreg.	MacGregor
Green, Pa.	Mackie
Greigg	Madden
Grider	Mahon
Griffiths	Mailliard
Grover	Marsh
Gubser	Mathias
Gurney	Matsunaga
Hagen, Calif.	Matthews
Hall	May
Halpern	Meeds
Hamilton	Michel
Hanley	Mills
Hanna	Minish
Hansen, Idaho	Minshall
Hansen, Iowa	Mize
Hardy	Monagan
Harsha	Moore
Harvey, Ind.	Moorhead
Harvey, Mich.	Morgan
Hathaway	Morris
Hawkins	Morse
Hays	Morton
Hechler	Mosher
Helstoski	Moss
Henderson	Multer
Hicks	Murphy, N.Y.
Hosmer	Murray
Howard	Natcher
Hull	Nedzi
Hungate	Nelsen
Huot	Nix
Hutchinson	O'Hara, Ill.
Ichord	O'Hara, Mich.
Irwin	Olsen, Mont.
Jacobs	Olson, Minn.
Jarman	Ottinger
Jennings	Patman
Johanson	Patten
Johnson, Calif.	Pelly
Johnson, Okla.	Pepper
Johnson, Pa.	Perkins
Jonas	Philbin
Jones, Ala.	Pickle
Jones, N.C.	Pike
Karsten	Pirnie
Karth	Poage
Kastenmeier	Poff
Kee	Pool
Keith	Powell
Kelly	Price
King, Utah	Pucinski
Kirwan	Burck
Kornegay	Quie
Kunkel	Race
Kupferman	Randall
Laird	Reid, Ill.
Langen	Reid, N.Y.
Latta	Reifel
Leggett	Reuss
Lennon	Rhodes, Ariz.
Long, Md.	Rhodes, Pa.
Love	Rivers, Alaska
McCarthy	Roberts
McClary	Robison
McCulloch	Rodino
McDade	Rogers, Fla.
McDowell	Ronan

NAYS—15

Abbitt	Dorn
Abernethy	Dowdy
Andrews	Gross
George W.	Haley
Burleson	Lipscob
Dickinson	Long, La.

NOT VOTING—95

Addabbo	Edwards, Calif.
Ashmore	Fallon
Baring	Fisher
Barrett	Friedel
Battin	Fulton, Tenn.
Bell	Gallagher
Boland	Garmatz
Bolling	Gettys
Broomfield	Gilligan
Burton, Utah	Hagan, Ga.
Callaway	Halleck
Cameron	Hansen, Wash.
Celler	Hébert
Clevenger	Herlong
Cohelan	Holifield
Conyers	Holland
Corbett	Horton
Corman	Jones, Mo.
Craley	Keogh
Cunningham	King, Calif.
Curtin	King, N.Y.
Davis, Ga.	Kluczynski
Diggs	Krebs
Edmondson	Landrum

Roncalio	Rooney, N.Y.
Rooney, Pa.	Rosen
Rosenthal	Rostenkowski
Roudebush	Roush
Roybal	Ryan
Satterfield	St Germain
St. Onge	Scheuer
Schisler	Schneebeli
Schweiker	Secrest
Selden	Shibley
Shriver	Sikes
Sisk	Skubitz
Slack	Smith, Calif.
Smith, Iowa	Smith, N.Y.
Smith, Va.	Springer
Stafford	Staggers
Stalbaum	Stanton
Steed	Stratton
Stubblefield	Sullivan
Talcott	Taylor
Teague, Tex.	Tenzen
Thompson, Wis.	Toole
Todd	Timble
Tunney	Tupper
Udall	Ullman
Vanik	Vigorito
Vivian	Waldie
Walker, N. Mex.	Watkins
Watson	Watts
Whalley	White, Idaho
White, Tex.	Whitener
Widnall	Wilson, Bob
Wilson, Charles H.	Wolfe
Wright	Wyatt
Wyder	Yates
Young	

Passman
Quillen
Tuck
Waggonner

Rumsfeld	Teague, Calif.	Walker, Miss
Saylor	Thomas	Weltner
Schmidhauser	Thompson, N.J.	Whitten
Scott	Thompson, Tex.	Williams
Senner	Toll	Willis
Sickles	Tuten	Younger
Stephens	Utt	Zablocki
Sweeney	Van Deerlin	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. King of California for, with Mr. Fisher against.

Until further notice:

Mr. Keogh with Mr. Battin.
Mr. Hébert with Mr. King of New York.
Mr. O'Neill of Massachusetts with Mr. Utt.
Mr. Schmidhauser with Mr. Martin of Alabama.

Mr. Ashmore with Mr. Callaway.
Mr. Senner with Mr. Burton of Utah.
Mr. Zablocki with Mr. O'Konski.
Mr. Gilligan with Mr. Broomfield.
Mr. Davis of Georgia with Mr. Martin of Massachusetts.

Mr. Garmatz with Mr. Teague of California.
Mr. Friedel with Mr. Cunningham.
Mr. Williams with Mr. Walker of Mississippi.

Mr. Cohelan with Mr. Reinecke.
Mrs. Mink with Mr. Horton.
Mr. Sickles with Mr. Corbett.
Mr. Morrison with Mr. Halleck.
Mr. Clevenger with Mr. McEwen.
Mr. Murphy of Illinois with Mr. Bell.
Mr. Rogers of Colorado with Mr. Rumsfeld.
Mr. Addabbo with Mr. Saylor.
Mr. Rees with Mr. Martin of Nebraska.
Mrs. Hansen of Washington with Mr. Curtin.

Mr. Resnick with Mr. Gallagher.
Mr. Rivers of South Carolina with Mr. O'Brien.

Mr. Van Deerlin with Mr. Weltner.
Mr. Krebs with Mr. Diggs.
Mr. Corman with Mr. Craley.
Mr. Rogers of Texas with Mr. Gettys.
Mr. Macdonald with Mr. McMillan.
Mr. Landrum with Mr. Machen.
Mrs. Thomas with Mr. Baring.
Mr. Fulton of Tennessee with Mr. Tuten.
Mr. Willis with Mr. Hagan of Georgia.
Mr. Holifield with Mr. Fallon.
Mr. Boland with Mr. Edmondson.
Mr. Cameron with Mr. Conyers.
Mr. Mackay with Mr. Miller.
Mr. Moeller with Mr. Holland.
Mr. Sweeney with Mr. Stephens.
Mr. Thompson of New Jersey with Mr. Kluczynski.

Mr. Whitten with Mr. Edwards of California.

Mr. Barrett with Mr. O'Neal of Georgia.
Mr. Redlin with Mr. Dorn.
Mr. Herlong with Mr. Thompson of Texas.
Mr. Celler with Mr. Scott.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, pursuant to House Resolution 984, I call from the Speaker's table for immediate consideration the bill (S. 3418) to amend the Peace Corps Act—75 Stat. 612—as amended, and for other purposes.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill H.R. 16574 was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FOREIGN ASSISTANCE ACT OF 1966

Mr. MORGAN submitted the following conference report and statement on the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1927)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Foreign Assistance Act of 1966'."

"PART I

"Chapter 1—Policy

"SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

"(a) In the last paragraph, immediately before the period at the end thereof, insert the following: 'and to provide adequate compensation for such damage or destruction.'

"(b) At the end of section 102 add the following new paragraph:

"The furnishing of economic, military, or other assistance under this Act shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country."

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Section 201(b), which relates to general authority to make loans from the Development Loan Fund, is amended as follows:

"(1) In the second sentence, strike out the word 'and' at the end of clause (5) and strike out the period at the end of the sentence and insert a comma and the following: '(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, (8) the degree to which the recipient country is taking steps to improve its climate for private investment, and (9) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.'

"(2) At the end thereof add the following new sentence: 'Funds made available under this title, except funds made available pursuant to section 205, shall not be used to make loans in more than ten countries in any fiscal year, except that such loans may be made in any additional country after at least thirty days shall have elapsed following

the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the making of loans in such additional country during such fiscal year is in the national interest and giving his reasons therefor.'

"(b) Section 202(a), which relates to authorization for the Development Loan Fund, is amended as follows:

"(1) Strike out '\$1,200,000,000' and all that follows down through 'succeeding fiscal years' and insert in lieu thereof '\$685,000,000 for the fiscal year 1967 and \$750,000,000 for each of the fiscal years 1968 and 1969'.

"(2) In the second proviso, strike out 'June 30, 1965, and June 30, 1966' and insert in lieu thereof 'June 30, 1967, through June 30, 1969'.

"(c) Amend section 205, which relates to use of international lending organizations, to read as follows:

"SEC. 205. In order to serve the purposes of this title and the policy contained in section 619, 10 per centum of the funds made available for this title shall be available only for transfer, on such terms and conditions as the President determines, to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

"Title II—Technical Cooperation and Development Grants

"SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

"(a) Section 211, which relates to general authority, is amended as follows:

"(1) In the second sentence of subsection (a) strike out 'and' at the end of clause (5) and strike out the period at the end of the sentence and insert a comma and the following: '(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (8) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.'

"(2) At the end of subsection (a), add the following new sentence: 'The authority of this title shall not be used to furnish assistance to more than forty countries in any fiscal year, except that such assistance may be furnished to any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the furnishing of assistance to such additional country during such fiscal year is in the national interest and giving his reasons therefor.'

"(3) At the end of section 211, add the following new subsections:

"(d) Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.

"(e) In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously de-

ficient, a high priority shall be given to efforts to increase agricultural production, particularly the establishment or expansion of adaptive research programs designed to increase acre-yields of the major food crops. Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions.'

"(b) Section 212, which relates to authorization, is amended by striking out '1966' and inserting in lieu thereof '1967'.

"(c) Section 214, which relates to American schools and hospitals abroad, is amended as follows:

"(1) In subsection (b), strike out 'to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research' and insert in lieu thereof 'to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens'.

"(2) Subsection (c), which relates to authorization, is amended by striking out '1966, \$7,000,000' and inserting in lieu thereof '1967, \$10,989,000'.

"(3) At the end of such section add the following new subsection:

"(d) There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States."

"Title III—Investment Guaranties

"SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows:

"(1) In paragraph (1), strike out '\$5,000,000,000' and insert in lieu thereof '\$7,000,000,000'.

"(2) In the third proviso of paragraph (2), strike out '\$300,000,000' and '\$175,000,000' and insert in lieu thereof '\$375,000,000' and '\$215,000,000', respectively, and strike out 'Federal Housing Administration' and insert in lieu thereof 'Department of Housing and Urban Development'.

"(3) In the fourth proviso of paragraph (2), strike out '1967' and insert in lieu thereof '1969'.

"(b) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection:

"(h) In the case of any loan investment for housing guaranteed under section 221 (b) (2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department."

"(c) Section 224, which relates to housing projects in Latin American countries, is amended as follows:

"(1) In subsection (b) (1), strike out 'Federal Housing Administration' and insert in lieu thereof 'Department of Housing and Urban Development'.

"(2) In subsection (c), strike out '\$400,000,000' and insert in lieu thereof '\$450,000,000: Provided, That \$300,000,000 be used for the purposes of section 224(b) (1)'.

"(3) In the last proviso of subsection (c), strike out '1967' and insert in lieu thereof '1969'.

"Title VI—Alliance for Progress

"SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

"(a) Section 251, which relates to general authority, is amended as follows:

"(1) In the second sentence of subsection (b), strike out 'and' at the end of clause (3) and strike out the period at the end of the sentence and insert a semicolon and the following: '(5) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; (6) the degree to which the recipient country is taking steps to improve its climate for private investment; (7) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and (8) the extent to which the activity to be financed will contribute to the economic or political integration of Latin America.'

"(2) At the end of such section add the following new subsection:

"(h) Loans may be made under authority of this title only for social and economic development projects and programs which are consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its annual review of national development activities. Whenever the President determines that the purposes of this title would be better served thereby, he may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the Inter-American Development Bank, or to any of the institutions named in section 205, for use pursuant to the laws governing United States participation in the said Bank or in such institutions and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.'

"(b) Section 252, which relates to authorization, is amended as follows:

"(1) In the first sentence, strike out 'use beginning' the first place it appears and all that follows down through 'year 1966' and insert in lieu thereof 'the fiscal year 1967, \$696,500,000, and for each of the fiscal years 1968 and 1969, \$750,000,000, which amounts are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each such fiscal year'.

"(2) In the second sentence, strike out '1964 through 1966' and insert in lieu thereof '1968 and 1969'.

"(3) In the last sentence, strike out 'June 30, 1965 and June 30, 1966' and insert in lieu thereof 'June 30, 1967, through June 30, 1969'.

"Title VIII—Southeast Asia Multilateral and Regional Programs

"SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new titles:

"Title VIII—Southeast Asia Multilateral and Regional Programs

"SEC. 271. GENERAL PROVISIONS.—The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the re-

gion, employing both multilateral and bilateral channels of assistance.

"SEC. 272. SPECIAL PROVISIONS.—In providing assistance to further the purposes of this title the President shall take into account:

"(1) initiatives in the field of social and economic development by Asian peoples and institutions;

"(2) regional economic cooperation and integration in southeast Asia;

"(3) the extent of participation by other potential donor countries;

"(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

"(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

"SEC. 273. AUTHORIZATION.—The President is authorized to utilize not to exceed \$10,000,000 of the funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

"Title IX—Utilization of Democratic Institutions in Development

"SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.'

"Chapter 3—International organizations and programs

"SEC. 107. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

"(a) Section 301(a), which relates to general authority, is amended by inserting immediately after 'by such organizations' the following: ', and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d).'

"(b) Section 301(b), which relates to general authority, is amended by striking out 'United Nations Expanded Program of Technical Assistance and the United Nations Special Fund' and inserting in lieu thereof 'United Nations Development Program' and by adding at the end thereof the following new sentence: 'The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.'

"(c) Section 301(c), which relates to assistance for Palestine refugees in the Near East, is amended by striking out the last sentence and inserting in lieu thereof the following: 'Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army.'

"(d) Section 302, which relates to authorization, is amended to read as follows:

"SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the Presi-

dent for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1967 not to exceed \$140,433,000.

"(b) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967. Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

"(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programming of volunteer manpower.'

"Chapter 4—Supporting assistance

"SEC. 108. Chapter 4 of part I of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended as follows:

"(a) Section 401, which relates to general authority, is amended by striking out the period at the end thereof and inserting a colon and the following: 'Provided, That not more than thirteen countries may receive assistance under the authority of this chapter in any fiscal year, unless the President determines that it is in the national interest of the United States to furnish such assistance to an additional country or countries. Any such determination, together with the reasons therefor, shall be reported to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives.'

"(b) Section 402, which relates to authorization, is amended to read as follows:

"SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1967 not to exceed \$715,000,000: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements shall be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval. Amounts appropriated under this section are authorized to remain available until expended.'

"Chapter 5—Contingency fund

"SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

"(a) Subsection (a) is amended as follows: "(1) Strike out '1966' and '\$150,000,000' in the first sentence and insert in lieu thereof '1967' and '\$110,000,000', respectively.

"(2) Strike out the second and third sentences.

"(b) Subsection (b) is amended by striking out 'the first sentence of'.

"Chapter 7—Joint Commissions on Rural Development

"SEC. 110. Part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof a new chapter as follows:

"Chapter 7—Joint Commissions on Rural Development

"SEC. 471. JOINT COMMISSIONS ON RURAL DEVELOPMENT.—(a) The President is authorized to conclude agreements with less devel-

oped countries providing for the establishment in such countries of Joint Commissions on Rural Development each of which shall be composed of one or more citizens of the United States appointed by the President and one or more citizens of the country in which the Commission is established. A majority of the members of each such Commission shall be citizens of the country in which it is established. Each such agreement shall provide for the selection of the members who are citizens of the country in which the Commission is established who wherever feasible shall be selected in such manner and for such terms of office as will insure to the maximum extent possible their tenure and continuity in office.

"(b) A commission established pursuant to an agreement authorized by this section shall be authorized to formulate and carry out programs for development of rural areas in the country in which it is established, which may include such research, training and other activities as may be necessary or appropriate for such development.

"(c) Not to exceed 10 per centum of the funds made available pursuant to section 212 shall be available to the President in negotiating and carrying out agreements entered into under this section, including the financing of appropriate activities of Commissions established pursuant to such agreements.

"(d) The furnishing of assistance under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

"(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act."

"PART II

"Chapter 2—Military assistance

"Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) Section 504(a), which relates to authorization, is amended to read as follows:

"(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$875,000,000 for the fiscal year 1967: *Provided*, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish such assistance to more than forty countries in any fiscal year. Amounts appropriated under this subsection are authorized to remain available until expended."

"(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

"(e) From and after the sixtieth day after the date of enactment of the Foreign Assistance Act of 1966, no assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I."

"(c) Section 508, which relates to reimbursements, is amended by adding at the end thereof the following new sentence: 'Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guarantees) as may be

determined by the President shall be transferred to, and merged with, the separate fund account.'

"(d) Section 510(a), which relates to special authority, is amended by striking out '1966' each place it appears and inserting in lieu thereof in each such place '1967'.

"(e) Section 512, which relates to restrictions on military aid to Africa, is amended by striking out 'fiscal year 1966' and inserting in lieu thereof 'each fiscal year'.

"(f) At the end of such chapter 2, add the following new section:

"SEC. 514. ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—(a) Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

"(b) In order to further encourage regional arms control and disarmament agreements and discourage arms races in the American Republics, notwithstanding the provisions of section 511(a) of this Act, the total value of military assistance and sales (other than training) under this Act or in accordance with section 7307 of title 10, United States Code, for American Republics in any fiscal year shall not exceed \$85,000,000, of which \$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States: *Provided*, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$85,000,000 limitation provided by this subsection."

PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

"(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

"(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;."

"(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively.

"(3) In subparagraph (b), strike out 'and' at the end of paragraph (6), as so redesignated by paragraph (2) of this subsection; strike out the period at the end of paragraph (7), as so redesignated by paragraph (2) of this subsection, and insert in lieu thereof a semicolon; and at the end thereof add the following new paragraph:

"(8) utilize wherever practicable the services of United States private enterprise on a cost-plus incentive fee contract basis to provide the necessary skills to develop and operate a specific project or program of assistance in a less developed friendly country or area in any case in which direct private investment is not readily encouraged, and provide where appropriate for the transfer of equity ownership in such project or program to private investors at the earliest feasible time."

"(4) Subsection (c) is amended to read as follows:

"(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Council shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

"(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.

"(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

"(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act."

"(b) Section 604, which relates to procurement, is amended as follows:

"(1) Subsection (c), which relates to procurement of agricultural commodities, is amended by striking out the word 'surplus' each time it appears and by inserting 'or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended,' after the word 'commodity' the first time it appears.

"(2) Add the following new subsection:

"(e) No funds made available under this Act shall be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity."

"(c) Section 608(a), which relates to advance acquisition of property, is amended by inserting '(including personnel costs)' immediately after 'costs' the first place it appears in the first sentence.

"(d) Section 610(b), which relates to transfer between accounts, is amended by striking out the last sentence and inserting in lieu thereof the following: 'Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637 (a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.'

"(e) Section 612, which relates to the use of foreign currencies, is amended by adding a new subsection as follows:

"(c) In addition to funds otherwise available, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 per centum of the aggregate of all excess foreign currencies. As used in this subsection, the term 'voluntary family planning program' includes, but is not limited to, demographic studies, medical and psychological research

personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance, and supplies to individuals who desire such assistance.'

"(f) Section 614(a) which relates to special authorities, is amended by adding at the end thereof the following new sentence: 'The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression.'

"(g) Section 614(c), which relates to special authorities, is amended by adding at the end thereof the following: 'The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.'

"(h) Section 620, which relates to prohibitions against furnishing assistance, is amended as follows:

"(1) The first sentence of subsection (i) is amended to read as follows: 'No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or which hereafter is officially represented at any international conference when that representation includes the planning of activities involving insurrection or subversion, which military efforts, insurrection, or subversion, are directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased, or such representation has ceased, and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, or that such representation will not be renewed or repeated.'

"(2) Subsection (k) is amended to read as follows:

"(k) Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. Except as otherwise provided in section 510, no military assistance shall be furnished to any country under this Act for carrying out any program, with respect to which the aggregate value of assistance to be furnished beginning July 1, 1966, by the United States will exceed \$100,000,000 unless such program has been included in the presentation to the Congress during its consideration of authorizations for appropriations under this Act or of appropriations pursuant to authorizations contained in this Act. No provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection.'

"(3) Subsection (l) is amended to read as follows:

"(1) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of

inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).'

"(4) Subsection (n) is amended to read as follows:

"(n) In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1966—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.'

"(5) At the end of such section 620, add the following new subsections:

"(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.

"(q) No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

"(r) No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan.'

"Chapter 2—Administrative provisions

"Sec. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) Section 622, which relates to coordination with foreign policy, is amended as follows:

"(1) Subsection (b) is amended by striking out '(including any civic action and sales program)' and substituting '(including civic action) or sales programs'.

"(2) Subsection (c) is amended by striking all after 'general direction of' and substituting 'economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.'

"(b) Section 624(d), which relates to the Inspector General, Foreign Assistance, is amended by adding at the end thereof the following new paragraph:

"(8) Whenever the Inspector General,

Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph.'

"(c) Section 634, which relates to reports and information, is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of the Treasury shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports showing as of June 30 and December 31 of each year the repayment status of each loan theretofore made under authority of this Act any part of the principal or interest of which remains unpaid on the date of the report.'

"(d) Section 635(h), which relates to general authorities, is amended by inserting '(except development loans)' immediately after 'II, V, and VI'.

"(e) Section 637(a), which relates to administrative expenses, is amended by striking out '1966 not to exceed \$54,240,000' and inserting in lieu thereof '1967 not to exceed \$55,813,500.'

And the Senate agree to the same.

THOMAS E. MORGAN,

EDNA F. KELLY,

WAYNE L. HAYS,

W. S. MAILLIARD,

PETER H. B. FRELINGHUYSEN,

Managers on the Part of the House.

J. W. FULBRIGHT,

JOHN SPARKMAN,

MIKE MANSFIELD,

BOURKE B. HICKENLOOPER,

GEORGE AIKEN,

FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment, which is a substitute for both the text of the House bill and the text of the Senate amendment, and that the Senate agree to the same.

Except for conforming clerical and minor drafting changes, the differences between the House bill and the substitute agreed to in conference are noted below.

BASIC DIFFERENCES

The House bill and the Senate amendment contained numerous and important differences. Many of these differences reflected a divergence between the managers on the part of the House and the managers on the part of the Senate in their concepts of the objectives of the foreign aid program and

of the relation of foreign aid to the implementation of U.S. foreign policy.

Although the committee of conference agreed to compromise language with respect to major differences, the conference report does not reflect a reconciliation of the basic positions of the Senate and the House conferees as to the nature and the administration of foreign aid.

Military assistance

The Senate amendment contained no language relating to military assistance because the Senate had passed a separate bill, S. 3583, dealing with this matter. Most of the provisions of the House bill relating to military assistance had been included in S. 3583 as approved by the Senate and were agreed to by the committee of conference after the managers on the part of the House accepted authorizations for a single fiscal year instead of the 2-year authorizations contained in the House bill.

Authorization (Sec. 201(a))

The House bill authorized \$917 million for military assistance. There was no authorization for military assistance in the Senate amendment.

The managers on the part of the House agreed to a figure of \$875 million and to a requirement that military assistance shall not be furnished, other than for training in the United States, to more than 40 countries in any fiscal year.

Use of Local Currencies Derived From Sales of Agricultural Commodities for the Common Defense (Sec. 201(b))

The managers on the part of the House accepted an amendment to section 201(b) of the House bill, which required that no military assistance may be provided to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until such country agrees to permit the use of foreign currencies to procure military equipment, materials, facilities, and services for the common defense. The amendment allows a period of 60 days after enactment of this bill for the necessary negotiation of military assistance agreements.

Assistance to the American Republics (Sec. 201(f))

The House bill included a provision that sales of defense articles or services under the authority of the Foreign Assistance Act of 1961 shall be administered so as to encourage regional arms control agreements and discourage arms races.

The Senate amendment did not contain such a provision.

The managers on the part of the House accepted a limitation that military assistance and sales (other than training) to the American Republics shall not exceed \$85 million.

The purpose of this limitation is to discourage the governments of the American Republics from diverting their limited resources from programs of economic and social development to building military establishments larger than necessary to maintain internal security and defend against border incursions.

Should this limitation prove to be either too restrictive or fail to accomplish its objective because of procurement from non-U.S. sources, the managers on the part of the House are prepared to initiate appropriate remedial action.

One-year authorization

The House bill contained authorizations of funds for fiscal years 1967 and 1968 for seven of the programs included in the Foreign Assistance Act, as well as extending for 2 years authority with respect to certain foreign assistance operations which had been subject to specific time limitation, except

that funds for development loans and the Alliance for Progress were authorized for 5 years.

The Senate amendment limited all authority to a single year except for a 2-year authorization of funds for the Alliance for Progress.

The committee of conference agreed to an authorization for 3 years for the development loan fund and for the Alliance for Progress, and for 1 year only with respect to other authorizations of funds and those provisions of the House bill which had authorized operations for a 2-year period.

Limitation on the number of countries to which assistance may be provided

The Senate amendment limited the number of countries to which development loans could be provided to 10, the number of countries to which technical cooperation and development grants could be provided to 40, and the number of countries to which supporting assistance could be provided to 10. With respect to the development loan fund and to technical cooperation and development grants, assistance could be provided to additional countries only after the President had submitted to the Committees on Foreign Relations and Foreign Affairs a report that assistance to such countries was in the national interest and each of the committees had adopted a resolution approving assistance to the additional countries.

In the case of supporting assistance, the President could increase the number of countries after determining that such increase was in the national interest and reporting to the Committee on Foreign Relations of the Senate and to the Speaker of the House.

The House bill contained no limitation on the number of countries to which assistance could be provided.

The managers on the part of the House accepted the limitation of development loans to 10 countries and of technical cooperation and development grants to 40 countries after getting agreement that the President could provide assistance to any additional country 30 days after submitting to the Committee on Foreign Relations of the Senate and the Speaker of the House a report stating that assistance to such country is in the national interest and giving his reasons.

The managers on the part of the House accepted a limitation on the number of countries to receive supporting assistance of 13 rather than 10 as contained in the Senate amendment, together with the requirement for a Presidential determination and notification to the Congress as contained in the Senate amendment.

The managers on the part of the House also accepted a limitation on the number of countries to which military assistance could be provided to 40 after being informed that the executive branch did not oppose such a limitation.

It was the understanding of the managers on the part of the House that countries receiving U.S. aid as participants in programs or projects organized or administered by international organizations or carried on on behalf of or jointly by a group of nations are not to be included in determining the number of countries subject to the various limitations on the number of countries to which assistance may be provided.

Although the House conferees share with the Senate a desire to reduce foreign aid expenditures and to curtail the magnitude and scope of foreign aid operations, they do not regard the limiting by law of the number of countries to which assistance may be provided as being a desirable or effective means of attaining the desired objective.

The Committee on Foreign Affairs pointed out in its report on the Foreign Assistant Act of 1966 (H. Rept. 1651) that the Foreign Assistance Act provides " * * * the President

with a variety of tools which are essential to the conduct of U.S. foreign policy" and that "it is not to our advantage to impose restrictions on the purposes or the countries for which these tools can be used, the effect of which is to deprive us of the means for dealing with situations which may occur."

The managers on the part of the House do not believe that the United States should provide assistance to foreign countries unless such assistance makes a significant contribution to the attainment of our foreign policy objectives. It is essential that the Congress be on guard against any tendency on the part of those responsible for foreign aid operations to regard the extension of assistance to additional countries and the expansion of programs already in existence as being normal, inevitable, or desirable.

To the extent that the limitations on the number of countries agreed to by the committee of conference cause the Executive to exercise prudence in extending or expanding U.S. assistance to other countries, they may serve a useful purpose. The President is given discretion, however, to exceed these limits when he determines that it is in the national interest to do so.

Channeling U.S. assistance through international organizations

The Senate amendment contained four provisions relating to the channeling of U.S. economic aid funds through international lending organizations or multilateral programs. The House bill did not include comparable provisions.

Two of these provisions were deleted by the committee of conference.

Development Loans

The Senate amendment (sec. 102(e)) provided that 15 percent of development loan funds should be available only for transfer to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation. Under existing law, transfer of the same percentage is authorized, but funds are not required to be used only for this purpose.

The managers on the part of the House accepted a set-aside of 10 percent of development loan funds for such transfers.

Alliance for Progress

The Senate amendment contained an authorization to transfer up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank, the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation. Such authority was permissive and did not require the set-aside of funds for the use of these institutions.

The managers on the part of the House accepted this provision.

The managers on the part of the House recognize the importance of the international lending agencies and anticipate that these institutions will have an increasing role in promoting the economic development of the less developed countries.

Although there may be situations where it would be in the interest of the United States to transfer foreign assistance funds to such agencies for specific operations, the House conferees do not believe that responsibility for the administration of the foreign assistance program or foreign assistance funds should be shifted to these international institutions.

The foreign assistance program should exist primarily to provide tools for the implementation of U.S. foreign policy.

The functions, responsibilities, and financial requirements of each of the international lending agencies are determined in important respects by other considerations.

As such agencies develop the capability and have available the necessary resources to

assume increasing responsibility for promoting economic development, it should be possible for the United States to curtail bilateral assistance for this purpose.

Such shifting of responsibility and curtailment of bilateral assistance should, however, be accomplished by a phasing down of the foreign assistance program and an evaluation by the United States of its contribu-

tions to each of the international lending institutions on an individual basis rather than by the transfer of funds.

Authorization of funds

The following table shows the differences between the House bill and the Senate amendment, and the sums agreed to by the committee of conference.

Foreign Assistance Act of 1966 (fiscal year 1967)

[In thousands]

Program	House ¹	Senate ²	Conference ³	Difference ⁴
Development Loan Fund.....	\$1,000,000	\$370,000	\$685,000.0	{ H-315,000.0 S+315,000.0
Technical cooperation and development grants.....	231,310	210,000	210,000.0	{ H-21,310.0
American schools and hospitals abroad.....	10,989	10,989	10,989.0	
Local currency.....	1,000	1,000	1,000.0	
Alliance for Progress.....	850,000	543,000	696,500.0	{ H-153,500.0 S+153,500.0
Loans.....	(\$700,000)	(\$455,300)	(\$596,500.0)	{ (H-103,500.0) (S+141,200.0)
Grants.....	(\$150,000)	(\$87,700)	(\$100,000.0)	{ (H-50,000.0) (S+12,300.0)
Southeast Asia multilateral and regional programs.....	(⁵)	(⁵)	(⁵)	
International organizations and programs.....	140,433	140,433	140,433.0	
UNICEF.....	1,000		1,000.0	S+1,000.0
Supporting assistance:				
General.....	200,000	658,000	715,000.0	{ H-35,000.0 S+57,000.0
Vietnam.....	550,000			
Contingency fund.....	150,000	70,000	110,000.0	{ H-40,000.0 S+40,000.0
Administrative expenses:				
AID.....	57,387	54,240	55,813.5	{ H-1,573.5 S+1,573.5
State Department.....	(⁶)	3,100	(⁷)	S-3,100.0
Total economic.....	3,192,119	2,060,762	2,625,735.5	{ H-566,383.5 S+564,973.5
Military assistance ⁸	917,000	* 792,000	875,000.0	{ H-42,000.0 S+125,000.0
Total.....	4,109,119	2,852,762	3,500,735.5	{ H-608,383.5 S+647,973.5

¹ House bill authorized the same amounts for fiscal 1967 and 1968, except 5 years in the case of the Development Loan Fund and the Alliance for Progress, and except \$1,000,000 for excess foreign currencies and \$1,000,000 for UNICEF for fiscal 1967 only.

² Senate bill authorized funds for fiscal year 1967 only, except 2 years for the Alliance for Progress.

³ Conferees agreed to authorization for fiscal year 1967 only, except 3 years for the Development Loan Fund (\$750,000,000 for fiscal years 1968 and 1969) and 3 years for the Alliance for Progress (\$750,000,000 for fiscal years 1968 and 1969).

⁴ H=House; S=Senate.

⁵ House bill authorized use of pt. I funds for this purpose but specified no amount; Senate amendment authorized \$50,000,000 of economic funds otherwise made available; conferees agreed to House language with inclusion of specific amount of \$10,000,000 as ceiling.

⁶ Permanent authorization is in existing law.

⁷ Senate amendment repealed permanent authorization in existing law and authorized \$3,100,000 for fiscal year 1967. In conference, Senate receded, leaving permanent authorization in law.

⁸ The Senate amendment to H. R. 15750 did not contain any authorization for military assistance. S. 3583, however, which the Senate adopted provided \$792,000,000 for this purpose for fiscal year 1967.

Other changes in the House bill agreed to by the committee of conference are as follows:

PART I

Chapter 1—Policy

Sense of Congress Concerning Communist-Supported Military Propaganda by Aid-Recipient Countries (House Bill, Sec. 101(a))

The House bill amended section 102 of the act to express the sense of Congress that the President keep the Congress fully and currently informed concerning aid-recipient countries which divert their economic resources for military propaganda supported by the Soviet Union or Communist China and directed against other aid-recipient countries or the United States.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House agreed to the deletion of this requirement with the understanding that such deletion does not indicate any diminution of the opposition of Congress to the diversion of economic resources to finance propaganda against other nations receiving assistance, and with the assurance of the Executive that the Congress would be kept fully and currently informed on this subject without a specific legal requirement to do so.

Assistance Not To Be Construed as U.S. Military Commitment (Sec. 101(b))

The Senate amendment added a sentence to section 102 of the act which is the state-

ment of policy. The new sentence stated that the act or the furnishing of assistance under the act or under the Military Assistance and Sales Act shall not be construed as creating a new commitment or as affecting any existing commitment to use Armed Forces of the United States for the defense of any foreign country.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language with an amendment that deleted the reference to the Military Assistance and Sales Act. This deletion was necessary since the Senate had accepted the single bill concept which included both economic and military assistance. The House conferees have proceeded in the knowledge that such military commitments as the United States has undertaken abroad for the defense of another country have been based upon treaties and other international agreements apart from the Foreign Assistance Act. The inclusion of the new sentence will remove any uncertainty that may exist on the part of others that such is not the case.

Chapter 2—Development assistance

Title I—Development Loan Fund

Added criteria for development loans (sec. 102(a)(1))

The Senate amendment amended section 201 of the act by adding three criteria to be taken into account in making development loans:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(b) The recipient's steps to improve its climate for domestic and foreign private investment through (1) encouragement of maximum private ownership of industry, (2) nondiscriminatory treatment between national and nonnational and between public and private enterprises and products, and (3) adequate protection of industrial property rights; and

(c) Whether or not the activity will contribute to self-sustaining growth.

The House bill contained a provision comparable to the second of the Senate's three new criteria ((b), above) which simply stated that the President, in carrying out the development loan program, shall seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

The committee of conference accepted the language in the Senate amendment as contained in points (a) and (c) above but adopted the broader language of the House in lieu of the Senate's statement in point (b). It is their belief that the inclusion of these new criteria provide a more comprehensive guide in seeking to achieve progress in many areas of development.

Title II—Technical Cooperation and Development Grants

Added criteria for technical cooperation and development grants (sec. 103(a)(1))

The Senate amendment amended section 211 of the act to add two criteria to be taken into account in making technical cooperation and development grants:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and

(b) Whether or not the activity will contribute to self-sustaining growth.

These criteria are identical with the proposed development loan criteria relating to free institutions and self-sustaining growth contained in section 102(a)(1) of the Senate amendment.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate language. As in the case of the inclusion of the new criteria that were added to the development loan section, the addition of these new criteria for technical cooperation reflect more fully the broad objectives the United States seeks to achieve through technical assistance programs.

Increasing agricultural production through agricultural research (sec. 103(a)(3))

The Senate amendment added to section 211 of the act a new subsection (e). The new language stated that in developing countries where food production is not meeting the demands of population, or diets are seriously deficient, high priority should be given to increased agricultural production, particularly through adaptive agricultural research programs based on cooperative undertakings between universities and research institutions in the United States and in the developing countries.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language. It reflects the concern that a preoccupation of countries with industrial development too often minimizes the improvement of agricultural production. It is in line with the increased emphasis that AID plans to give to agriculture in the next fiscal year. American land-grant colleges and universities, under contract with AID, have played a central role in the creation of agricultural training institutions and centers for adaptive research in the less

developed countries. The new subsection is consonant with the new subsection (d) included in the House bill which authorizes the use of not more than \$10 million of technical assistance funds or grant funds under the Alliance for Progress to strengthen the capacity of U.S. research and educational institutions to develop and carry out programs concerned with the economic and social development of the less developed countries.

Title III—Investment Guaranties

Specific risk guaranty ceiling (sec. 104(a) (1))

The House bill amended section 221(b) of the act to increase from \$5 to \$8 billion the total face amount of specific risk guaranty contracts that may be outstanding at any one time.

The Senate amendment did not contain a comparable provision.

In view of the fact that the ceiling of \$8 billion contained in the House bill was related to a 2-year authorization, the managers on the part of the House accepted a reduction to \$7 billion.

Extended risk guaranty termination date (sec. 104(a) (3))

The House bill amended section 221(b) of the act to extend the termination date for extended risk guaranty authority from June 30, 1967, to June 30, 1970.

The Senate amendment extended the termination date to June 30, 1968.

The managers on the part of the House agreed to an extension of the termination date to June 30, 1969. Although the committee of conference had agreed to a 1-year authorization for foreign assistance, it was believed that it was desirable to assure eligible investors who had started planning before June 30, 1968, but were unable to complete their investments by that time against the possibility that the extended risk guaranty program might lapse.

Increase in maximum period of guaranty of equity investment (House bill, sec. 104(b))

The House bill amended section 221(c) of the act to increase the maximum period of specific risk and extended risk guaranties on equity investments from 20 to 30 years.

The Senate amendment did not contain a comparable provision.

The House receded. The managers on the part of the House accepted the argument that extension of guaranties beyond 20 years would not significantly increase the incentive for investment while lengthening the exposure of the U.S. Government to the risks involved.

Ceiling on Latin American housing guaranty authority (sec. 104(c) (2))

The House bill amended section 222(c) of the act to increase from \$400 to \$500 million the ceiling on the total face amount of outstanding Latin American housing guaranties, and to provide that \$350 million of this total could be used only for the purposes of section 224(b) (1) (pilot or demonstration housing projects).

The Senate amendment did not increase the present \$400 million ceiling on issuing authority but required that at least \$50 million of the additional \$150 million in issuing authority provided in the Foreign Assistance Act could be used only for the purposes of section 224(b) (1).

The committee of conference agreed to split the difference between the ceilings on Latin American housing guaranties and accepted a figure of \$450 million. The House figure of \$350 million earmarked for pilot or demonstration projects was reduced to \$300 million.

Latin American housing guaranty termination date (sec. 104(c) (3))

The House bill amended section 222(c) of the act to extend the termination date for Latin American housing projects guaranty

authority from June 30, 1967 to June 30, 1970.

The Senate amendment extended the termination date to June 30, 1968.

The committee of conference agreed to a termination date of June 30, 1969. The provision in the House bill had been related to a 2-year authorization for the foreign assistance program but it was felt that the termination date should be extended for 2 years beyond the authorization provided for the rest of the program in order to assure those eligible investors who had started planning before June 30, 1968, but were unable to complete their investments by that time against the possibility that the Latin American housing guaranty program might lapse.

Title VI—Alliance for Progress

Adding criteria for Alliance for Progress assistance (sec. 105(a) (1))

The Senate amendment amended section 251(b) of the act to add four criteria to be taken into account in furnishing assistance under the Alliance for Progress:

(a) The recipient's progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise;

(b) The recipient's steps to improve its climate for domestic and foreign private investment through (1) encouragement of maximum private ownership of industry; (2) nondiscriminatory treatment between national and nonnational and between public and private enterprises and products; and (3) adequate protection of industrial property rights;

(c) Whether or not the activity will contribute to self-sustaining growth; and

(d) The extent to which the activity will contribute to the economic and political integration of Latin America.

The House bill amended section 251(b) to add a provision comparable to the Senate version's private investment criterion (b, above) which requires the President, in carrying out the Alliance for Progress title, to seek to encourage each recipient country to improve its climate for private investment as a necessary element in economic development.

The first three criteria (a, b, c above) of the Senate amendment and the policy statement in the House bill were identical with the development loan criteria and policy statement in section 102(a) (1) of the Senate amendment and section 102(a) of the House bill.

The committee of conference accepted the language in the Senate amendment as contained in points (a) and (c) above but adopted the broader language of the House in lieu of the Senate statement in point (b). This action was consistent with that taken regarding the new criteria for the development loan program. The managers on the part of the House also accepted the Senate language contained in point (d) above. Such language will make clear the importance of increased economic and political integration among the American Republics in furthering the goals of the Alliance for Progress.

Alliance loans consistent with CIAP findings and recommendations (sec. 105(a) (2))

The Senate amendment added a new subsection (h) to section 251 of the act requiring that Alliance for Progress loans be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP).

The House bill did not contain a comparable provision.

The House receded with an amendment. The original Senate language was predicated on the assumption that CIAP approves or disapproves the national economic plans of Latin American countries. Such is not the case. CIAP confines its functions to an an-

nual review of country programs during which it makes suggestions and recommendations for changes and for implementation of development plans. The language accepted by the committee of conference reflects more accurately the role performed by CIAP in dealing with national plans.

Title VIII—Southeast Asia Multilateral and Regional Programs

Southeast Asia multilateral and regional programs (sec. 106)

The House bill added a new title VIII to the act which provided for the use of funds (other than Alliance for Progress funds) otherwise available under part I of the act for southeast Asia multilateral and regional programs. The Senate amendment also included this new title but provided for the use of not more than \$50 million in fiscal year 1967 of the funds otherwise made available under the act for the purposes of the new title.

The committee of conference accepted the House language but included a ceiling of \$10 million on the funds otherwise available in part I of the act (except the Alliance for Progress funds) that may be used under the new title. The Executive did not request an appropriation for this title for fiscal year 1967. The funds that may be used under the language agreed upon by the committee of conference are available without fiscal year limitation. The amount is sufficient to permit planning and modest programs in this pioneer venture. Anything beyond that would require further justification and congressional action.

Chapter 3—International organizations and programs

Restriction on Aid for Palestine Liberation Organization Members (sec. 107(c))

The House bill amended section 301(c) of the act to provide that no contribution shall be made to the United Nations Relief and Works Agency (UNRWA) unless UNRWA takes all possible measures to assure that no part of the U.S. contribution is used to furnish assistance to any refugee "receiving training as a member of the so-called Palestine Liberation Organization."

The Senate amendment did not contain a comparable provision.

The Senate conferees accepted the House language with two amendments:

First, the word "Army" was substituted for the word "Organization" since it is the Palestine Liberation Army that is a paramilitary group whose professed aim is to secure Arab rights in Palestine by force.

Second, the word "military" was inserted before training to indicate the particular type of activity to which the amendment is applicable.

Contributions to United Nations programs contrary to U.S. foreign policies (House bill sec. 107(d))

The House bill amended section 301 of the act by adding a new subsection (d) requiring the President to seek to assure that no U.S. contribution to any United Nations activity shall be used for activities contrary to the policies of the United States.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House receded. The committee of conference accepted another House amendment dealing with the United Nations Development Program that seeks to assure that no U.S. contribution to that program is used for projects in Castro Cuba. The Senate conferees were not willing to accept an amendment that applied to a wide range of programs and the implications of which could not be foreseen.

Indus Basin loan authorization (House bill sec. 107(e))

The House bill amended section 302 of the act to authorize the appropriation of \$51,220,000 for dollar repayable loans for Indus

Basin development for use beginning in fiscal year 1968.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House receded in view of the fact that all authorizations in the bill except for development loans and the Alliance for Progress were limited to fiscal year 1967.

Chapter 4—Supporting assistance

Budgeting of Vietnam Counterpart Funds (sec. 108(b))

The House bill amended section 402 of the act to require that counterpart funds accruing from commodities provided to the Government of Vietnam under the supporting assistance program should not be budgeted by that government for economic assistance without the prior written approval of the President of the United States or his representative.

The Senate amendment contained no comparable provision.

The managers accepted insertion in the language of the House bill of the words "arrangements shall be made to assure that" in order to make clear that the mandate of the amendment is directed to the executive branch of the Government of the United States rather than to the Government of Vietnam, an independent foreign sovereign.

Chapter 5—Contingency fund

Deletion of Reference to 1966 Supplemental Contingency Funds (Senate Amendments Sec. 109(a)(2))

The Senate amendment amended section 451 of the act to delete the requirement that contingency funds appropriated under the fiscal year 1966 Supplemental Foreign Assistance Authorization Act not be used to provide assistance to any country permitting ships or aircraft under its registry to carry cargo to or from North Vietnam, unless the President determined and reported to the Congress that withholding such assistance would be contrary to the national interest. The House bill did not contain a comparable provision.

The managers on the part of the House accepted the deletion of this provision which became obsolete upon the expiration of the fiscal year ending June 30, 1966.

A comprehensive provision denying assistance to nations permitting ships or aircraft to trade with North Vietnam was included in both the House bill and the Senate amendment and appears in section 301(h)(4) of the accompanying conference report.

Chapter 6—Assistance to nonindustrialized countries

Assistance for Population Control (Senate Amendment Sec. 110)

The Senate amendment added a new section 462 to the act which explicitly authorizes the use of economic assistance funds, upon the request of a recipient country, to furnish technical and other assistance for the control of population growth.

The House bill did not contain a comparable provision.

The managers on the part of the Senate receded. The committee of conference recognized that the act now provides sufficient authority for AID to carry out technical assistance and other activities in the field of population control.

Chapter 7—Joint commissions on rural development

Joint Commission on Rural Development (Sec. 110)

The Senate amendment added a new chapter 7 to part I expressly authorizing the President to conclude agreements with less developed countries for the establishment of joint commissions on rural development. A commission would be composed of at least one U.S. citizen and one or more citizens of the participating country, with the latter to

constitute a majority. Where feasible, members from the participating country would be so selected as to provide tenure and continuity in office. A commission would be authorized to carry out programs for development of rural areas, including appropriate research, training, and other activities. Up to 10 percent of technical cooperation funds could be used to carry out the new chapter. The furnishing of assistance under the chapter would not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. They were aware of the success of this approach in Taiwan and the efforts that have been made elsewhere to use the joint commission. It is their expectation that a clear endorsement by the Congress on this subject will serve to attract attention and to revive interest among those countries that could most benefit from the establishment of a joint commission.

PART III

Chapter 1—General provisions

Use of U.S. Private Enterprise Contracts (Sec. 301(a)(3))

The House bill amended section 601 of the act by adding a new subsection (8) requiring that U.S. private enterprise be hired on a cost-plus-incentive-fee contract basis to carry out projects and programs where direct private investment was not readily encouraged. It further provided that equity ownership in projects and programs should be transferred to private investors at the earliest feasible time.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House recognized the merit of the argument that the House language might be too restrictive in such fields as education and health where the services of the private enterprise contractors might not be available and where it would be impossible to transfer to private investors equity ownership in a school system or a hospital.

They, therefore, accepted an amendment inserting the words "wherever practicable" and "where appropriate" in the House provision.

Procurement of "Surplus" Agricultural Commodities (Sec. 301(b)(1))

The Senate amendment amended section 604(c) of the act to make a technical change in the restriction on offshore procurement of grant agricultural commodities by applying the restriction to "any agricultural commodity or product thereof available for distribution under the Agricultural Trade and Development Act of 1954, as amended" rather than to "any surplus agricultural commodity."

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with the understanding that the requirement contained in existing law that procurement of agricultural commodities be made "only within the United States except to the extent that such commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this act" remained unchanged.

Restriction on Offshore Procurement of Agricultural Commodities (Sec. 301(b)(2))

The Senate amended section 604 of the act by adding a new subsection (e) which prohibited offshore procurement of any agricultural commodity when the domestic price is below parity.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision.

It is recognized that agricultural commodities will have to be procured outside the United States under exceptional circumstances. When such procurement does occur it should be managed so as not to depress or adversely affect U.S. farm prices.

Use of Excess Foreign Currencies for Family Planning (Sec. 301(e))

The Senate amendment added a new subsection (c) to section 612 of the act to make explicit the availability of excess foreign currencies for voluntary family planning programs in countries requesting such assistance. No program is to be assisted unless the recipient country takes reasonable precautions in administering the program to insure that persons receiving assistance desire it. Up to 5 percent of the aggregate of all excess foreign currencies may be used for this purpose in any one year without appropriation. Voluntary family planning program is defined to include the manufacture of medical supplies, and the dissemination of family planning information, medical assistance and supplies to individuals who desire such assistance.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate amendment with an amendment which deleted the provision in the Senate version that waived the requirements of section 1415 of the Supplemental Appropriations Act of 1953.

Reports on Unvouchered Funds (Sec. 301(g))

The Senate amendment added to section 614(c) of the act, a requirement that the President report promptly and fully to the Speaker of the House of Representatives and the chairman and ranking minority member of the Senate Committee on Foreign Relations concerning each use of funds under that section.

The House contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. Section 614(c) authorizes the President to use amounts not to exceed \$50 million of the funds made available under the Foreign Assistance Act on an unvouchered basis when he certifies that it is inadvisable to specify the nature of the use of such funds. The amendment will require a limited disclosure of the use of unvouchered funds.

Participation in international conferences planning subversion (sec. 301(h)(1))

The House bill amended section 620(i) of the act to prohibit assistance, including assistance under Public Law 480, to any country which the President finds is participating officially in any international conference to plan activities involving insurrection or subversion directed against the United States or recipients of U.S. aid.

The Senate amendment contained no comparable provision.

The managers on the part of the Senate receded with an amendment. The purpose of the amended language is to make clear that the application of this provision is limited to a country that has official representation at an international conference when that representation includes the planning of activities involving insurrection or subversion directed against the United States or a recipient of U.S. assistance.

Approval of Congress for assistance exceeding \$100 million (sec. 301(h)(2))

The House bill amended section 620(k) of the act to require express congressional approval of any assistance under the act furnished "to any country for construction of any productive enterprise, or for carrying out any program" where the aggregate value of assistance exceeds \$100 million.

The Senate amendment amended section 620(k) to require express congressional approval of (a) any economic assistance under the act furnished "to any country for construction of any productive enterprise" where the aggregate value of assistance exceeds \$100 million, and (b) any military assistance "to any country for carrying out any program" when the aggregate value of assistance exceeds \$100 million.

The committee of conference accepted the House language with two amendments. First, the words "or for carrying out any program" as they pertain to assistance for a productive enterprise were deleted. This removes any ambiguity as to whether such words relate to individual projects, to a series of related loans, or to AID country programs. Second, the managers on the part of the House accepted a modification of the Senate restriction on military assistance which retained the \$100 million limitation while making clear that countries receiving military assistance aggregating more than \$100 million would not have to be identified by name in the authorizing legislation.

It was the understanding of the managers on the part of the House that limitations contained in this section apply only to assistance provided under the authority of the Foreign Assistance Act.

Arbitration of Indebtedness to United States Citizens (Senate Amendment Sec. 201(i))

The Senate amendment added a new section 620(p) to the Act prohibiting the furnishing of assistance under the Act to any country whose government or an agency or subdivision thereof fails within six months after request to consent to arbitration under the Convention on the Settlement of Investment Disputes of any claim against it by any U.S. citizen, or any entity, 50% or more beneficially owned by U.S. citizens. The new section would take effect when the Convention entered into force with respect to the United States.

The House bill did not contain a comparable provision.

Although the Senate receded with respect to this provision, the committee of conference was impressed with the argument that a United States firm had been badly treated by the Government of Iran. Although the United States firm has not exhausted the legal remedies available to it, so that the termination of assistance to Iran is not yet mandatory under the terms of sections 620 (c) or (e) of the Foreign Assistance Act, the experience of this firm casts doubt on the interest of the Government of Iran in encouraging private enterprise and the effectiveness of the efforts being made in that country to promote economic development. Prohibition against relieving loan recipients of liability (sec. 301(h)(5))

The Senate amendment added a new section 620(t) to the act prohibiting relief of any loan recipient from liability for the repayment of any part of the principal or interest on a loan made under the authority of the act.

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate amendment. The effect of the new language is to prevent the conversion of AID loans to grants. It would not prevent AID from renegotiating any outstanding loan.

Prohibition on assistance to countries 6 months in default on AID loans (sec. 301(h)(5))

The Senate amendment added a new section 620(s) to the act which prohibits the furnishing of any assistance under the act to any country in default in excess of 6 calendar months on an AID loan made to that country, unless the country meets its obligations under the loan or the President determines and reports to the Congress that such

assistance is essential to the national interest.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language with an amendment to permit the President to waive the prohibition on assistance when he determines it is "in" the national interest.

Treasury Department reports on repayment status of AID loans (sec. 302(c))

The Senate amendment amended section 634 of the act by adding a new subsection (f) requiring that the Secretary of the Treasury transmit to the Congress semiannual reports on loans made under the act for which any part of the principal or interest remains unpaid.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate amendment. The Treasury Department is the custodian of all public funds. Therefore it should have primary responsibility for reporting on these transactions.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

PERSONAL ANNOUNCEMENT

Mr. YOUNGER. Mr. Speaker, I just walked into the House Chamber after the vote on the Peace Corps bill. Had I been here, I would have voted "yea."

LEGISLATIVE PROGRAM

(Mr. ALBERT asked and was given permission to address the House for 1 minute.)

Mr. ALBERT. Mr. Speaker, I have asked for this time for the purpose of advising the House that in addition to the scheduled program the foreign aid conference report will be called up tomorrow.

PUBLIC LAND LAW REVIEW COMMISSION

The SPEAKER. The Chair lays before the House a communication which the Clerk will read.

The Clerk read as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 30, 1966.

HON. JOHN W. MCCORMACK,
The Speaker of the House,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: In view of my retirement from Congress at the end of this year, I hereby submit my resignation as a member of the Public Land Law Review Commission.

Because of the continuing importance of the Commission's studies, I believe it desirable to give my successor an early opportunity to participate in its work.

Respectfully yours,

LEO W. O'BRIEN.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

The SPEAKER. Pursuant to the provisions of section 3, Public Law 88-606, the Chair appoints as a member of the Public Land Law Review Commission the gentleman from Alaska [Mr. RIVERS] to fill an existing vacancy thereon.

NATIONAL COMMANDER OF THE AMERICAN LEGION

(Mr. DOWNING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNING. Mr. Speaker it is often difficult to see drama in our day-to-day activities but I know that this day is a deeply meaningful day for L. Eldon James, of Hampton, Va., the national commander of the American Legion.

Tomorrow, 2½ million Legionnaires will elect a new national commander; but I know that 1966 must go down in American Legion annals as "a year to remember." Eldon James has been one of the American Legion's truly great national commanders and I am grateful that the Legion has been led by a man of his caliber during a year that has seen our Nation's military structure so heavily committed in southeast Asia. The national commander is the voice of the American Legion and its 2½ million war veteran members, and Eldon James' voice has been the voice of the patriotic American during a time when many voices have been critical of our Nation's willingness to meet its commitments in Vietnam.

Eldon James has very strong convictions about patriotism and he has devoted himself untiringly throughout 1966 to voicing his patriotic convictions. The American Legion and the American people generally have responded to his leadership. Two of Commander James' ideas undoubtedly will come to be regarded as classic patriotic programs. His "Show Your Colors" campaign and his "Vietnam Relief Fund" drive have reflected the combined Americanism and humanitarian character of the American people. Fifteen million Americans have shown their colors as a countermeasure to anti-Vietnam demonstrations and Legionnaires have donated approximately \$116,000 to provide relief for the war ravaged South Vietnamese. Eldon James believes in the strength of the American people—both military strength and religious strength—and his programs have brilliantly reflected his beliefs for America and for the world.

I know my colleagues will agree with me when I say we have been fortunate to have Eldon James serving as the national commander of the American Legion at a critical time in our Nation's history. He has symbolized with determination and dedication the patriotic fibers of our people and our Nation. On his last day as national commander of the American Legion he can look back on a magnificent record and I consider it a privilege to pay tribute to him as a friend, a constituent, and one of the American Legion's greatest leaders.

FEDERAL PROGRAMS FOR THE HANDICAPPED

(Mr. CALLAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CALLAN. Mr. Speaker, I am today introducing legislation which spe-

Sept 1, 1966

15. EDUCATION. The Rules Committee reported a resolution for the consideration of H. R. 8664, to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials, opened for signature at Lake Success on Nov. 22, 1950. p. 20805
16. FLOOD CONTROL. The Rules Committee reported a resolution for the consideration of H. R. 13825, to authorize an agreement for the joint construction by the U. S. and Mexico of an international flood control project for the Tijuana River. p. 20805
17. GRAIN STORAGE. The Agriculture Committee reported with amendment H. R. 12360, to permit the sale of grain storage facilities to public and private non-profit agencies and organizations (H. Rept. 1974). p. 20805
18. LANDS. The Agriculture Committee reported S. 3421, to convey certain lands and improvements thereon to the University of Alaska (H. Rept. 1975) and S. 4429, to provide for reimbursement to Wyo. for improvements made on certain lands in Sweetwater County, if and when such lands revert to the U. S. (H. Rept. 1976). p. 20805
19. ADVISORY COMMITTEE. The Agriculture Committee reported H. R. 9147, to permit meetings of the national advisory research committee to be held less often than quarterly (H. Rept. 1977). p. 20805
20. FOREIGN AID. Agreed to, 127-88, the conference report on ^{H. R. 15750,} the foreign aid authorization bill. pp. 20717-22
21. HEMISFAIR. Passed as reported H. R. 15098, to amend the law for U. S. participation in the HemisFair 1968 Exhibition, San Antonio, Tex. pp. 20723-5
22. SALINE WATER RESEARCH. Passed S. 2747, to authorize conclusion of an agreement with Mexico for joint measures for solution of the Lower Rio Grande Salinity problem, with an amendment to substitute the language of H. R. 11880, a similar bill, which had earlier been passed as reported. H. R. 11880 was tabled. pp. 20754-6
23. GEOTHERMAL STEAM. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 1674, amended, to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources. p. D841
24. TRUTH IN PACKAGING. Rep. Nelsen inserted an article opposing as "destructive legislation" the truth in packaging bill. p. 20774
25. INTEREST RATES. Rep. Patman expressed concern about high interest rates and inserted several items on the subject. pp. 20798-9
26. FEDERAL GRANTS. Rep. Fountain commended and inserted a speech, "Coordination of Federal Grant-in-Aid Programs," discussing problems and benefits of programs requiring intergovernmental cooperation and coordination. pp. 20800-02
27. FORESTS. Rep. Cohelan urged legislation to declare a moratorium on cutting of timber in both the Mill Creek and Redwood Creek proposed sites for a Redwood National Park. pp. 20803-4

28. ADJOURNED until Fri., Sept. 2. Agreed that the House will meet on Fri., Sept. 2, only for the purpose of adjourning over until Tues., Sept. 6.

ITEMS IN APPENDIX

29. PERSONNEL; SOIL CONSERVATION. Extension of remarks of Rep. Grover memorializing the dedicated service of John H. Wetzel. p. A4637
30. CREDIT. Extension of remarks of Rep. Cooley stating that "the credit situation in our country is of deep concern to all of us", and inserting a letter which explores the problem in depth. pp. A4638-9
31. FARM LABOR. Extension of remarks of Rep. Race urging economic justice for the farmworker. p. A4640
32. SURPLUS PROPERTY. Extension of remarks of Rep. McVicker stating that the Federal donable surplus property program must be continued. pp. A4641-2
33. POVERTY. Extension of remarks of Rep. Fraser on the "outstanding successes" of the poverty program and inserting a report on the success of the Job Corps programs. pp. A4644-6
34. FOREIGN AID. Extension of remarks of Rep. Saylor inserting a report which lists the nations--and each share--that have received economic and military aid from mid-1945 through mid-1966. pp. A4647-8
35. ANIMAL RESEARCH. Rep. Wolff inserted an article summarizing the dog-cat handling legislation. pp. A4651-2

BILLS INTRODUCED

36. MILK. H. R. 17483 by Rep. Rivers, S. C., and H. R. 17500 by Rep. Evans, Colo., to amend chapter 141 of title 10, United States Code, to provide for price adjustments in contracts for the procurement of milk by the Department of Defense; to Armed Services Committee.
37. TIMBER. S. J. Res. 192 by Sen. Kuchel and H. J. Res. 1293 by Rep. O'Brien, to preserve the trees within the boundaries of the proposed Redwood National Park until Congress has had an opportunity to determine whether the park should be established; to Interior and Insular Affairs Committee. Remarks of Sen. Kuchel pp. 20707, 20713
38. BALANCE OF PAYMENTS. H. R. 17504 by Rep. McVicker, to provide a plan for improving the international balance-of-payments position of the United States and for the establishment of a commission to study ways and means of implementing such plan; to Ways and Means Committee.

PRINTED HEARINGS RECEIVED BY THIS OFFICE

39. LEGISLATIVE POLICY; WATERSHEDS. Legislative policy of the Bureau of the Budget H. Agriculture Committee.
40. PROPERTY. S. 3385, to amend the Federal Property and Administrative Services Act of 1949. S. Government Operations Committee.

The SPEAKER. On this rollcall, 338 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOR THE RELIEF OF LOURDES S. (DELOTAVO) MATZKE

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3078) for the relief of Lourdes S. (Delotavo) Matzke, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, after line 10, insert:

"SEC. 2. In the administration of the Immigration and Nationality Act, Yusef Ali Chouman may be classified as a child within the meaning of section 101(b)(1)(F) of the said Act, upon approval of a petition filed in his behalf by Mr. and Mrs. Mohamad Schuman, citizens of the United States, pursuant to section 204 of the said Act."

Amend the title so as to read: "An Act for the relief of Lourdes S. (Delotavo) Matzke and Yusef Ali Chouman."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

WINSTON LLOYD MCKAY

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 5213) for the relief of Winston Lloyd McKay, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That, for the purposes of the Immigration and Nationality Act, Winston Lloyd McKay shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. McCULLOCH. Mr. Speaker, reserving the right to object, has this matter been cleared with the ranking minority member of the subcommittee?

Mr. FEIGHAN. I did not personally, but I understand that the staff did. If there is any doubt about it, I will withdraw my request.

Mr. McCULLOCH. I regret the necessity of objecting. I have not been advised of it, either by the majority or the minority.

The SPEAKER. The gentleman from Ohio [Mr. FEIGHAN] withdraws his request.

CORRECTION OF ROLLCALL

Mr. MINSHALL. Mr. Speaker, on rollcall No. 254, on August 31, a quorum

call, I am recorded as absent. I was present and answered to my name.

I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be permitted to sit during general debate this afternoon.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until 12 o'clock midnight tonight to file a report on H.R. 15183.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

RED CHINA AND U.S. CLERGY POLL

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, with the admission of Red China to the U.N. certain to be a controversial issue when the United Nations convenes later this year, a recent poll of Protestant clergymen in the United States provides much food for thought. With almost 30,000 questionnaires returned, those replying were overwhelmingly against either the admission of Red China to the United Nations or the granting of diplomatic recognition to that brutal and barbaric regime. I insert the news story, "Polled Clergy 'No' Peking in U.N.," in the Record at this point:

POLLED CLERGY "NO" PEKING IN U.N.

(By Henry Machirella)

In disputing a resolution by the National Council of Churches calling for the admission of Communist China to the United Nations, the Rev. Daniel A. Poling, prominent Protestant clergyman, said yesterday that 72.9% of his fellow churchmen were against Red China's admission to the UN.

Poling reported that Protestant ministers throughout the country were polled and almost 30,000 replied. More than 93% were opposed to the expulsion of Nationalist China from the UN to satisfy the Communist Chinese conditions for joining.

The cleric described the response to the poll during a press conference at the Overseas Press Club. The announcement was also sponsored by the Clergymen's Emergency Committee on China.

DECRIES FEBRUARY 22 RESOLUTION

Poling pointed out that on Feb. 22, the general board of the National Council of Churches, meeting in St. Louis, unanimously passed the resolution for Red China's admission to the UN. He said: "This widely publicized resolution and similar statements from some other church bodies has caused dismay in nations throughout the world. Particularly tragic is the effect on the morale of

young Americans battling Communism in Viet Nam."

He continued: "In the belief that these resolutions and statements do not represent the great majority of the Protestant community, I undertook to poll individual American Protestant clergymen on this historic question."

MAILED TO 150,000

Mailed questionnaires were sent out in June to a list of 150,000 denominational churchmen in all parts of the U.S. According to Poling, nearly 30,000 completed forms were returned and "the NOs were overwhelming."

Of those responding: 72.9% were opposed to Red China's admission into the world body; 25.6% were in favor; 93.7% were against meeting the Communist's basic conditions for joining; 2.9% were in favor; 71.4% were opposed to diplomatic recognition of the Peking regime; 25.8% were for it.

SAYS IT AFFIRMS POLICY

"This great affirmation of support of present U.S. policy," Poling claims, "was made in spite of tremendous and continuous campaigns availing appeasement of Red China which have been leveled at American clergymen."

Poling is chaplain of the interfaith memorial Chapel of the Four Chaplains and chairman of the board of Christian Herald magazine. His son, the Rev. Clark V. Poling, was one of the four chaplains who died when the Army transport *Dorchester* was torpedoed in 1943.

FOREIGN ASSISTANCE ACT OF 1966

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1966.)

Mr. MORGAN (interrupting the reading). Mr. Speaker, I ask unanimous consent that the reading of the statement be dispensed with. The report is printed in the Record this morning. I am sure the Members have had an opportunity to read it.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The gentleman from Pennsylvania is recognized for 1 hour.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker, the managers on the part of the House do not point with pride to this conference report. We have had a long and difficult conference, and it has been necessary for the House to make some concessions.

We went to conference facing a situation where there were not only important differences in the two bills before us, but where there were basic differences between the House and Senate conferees

on U.S. foreign policy and on the nature and purpose of our foreign aid program.

After long negotiations, we have been able to work out compromises with respect to the legislation, but I regret to say that disagreement on fundamental issues of policy still remains.

Although the House has had to make concessions, we have been able to get something in return.

The Senate had passed two foreign aid bills: one dealing with economic assistance and the other with military aid. The House included both economic and military assistance in a single bill—H.R. 15750. The Senate accepted a single bill including both economic and military aid.

On the other hand, the House had provided authorizations of funds for 2 fiscal years, except for development loans and funds for the Alliance for Progress which were authorized for 5 years. The Senate had limited all authorizations to 1 year, except for a 2 year authorization for the Alliance for Progress.

The managers on the part of the House accepted a 1-year authorization across the board, except for 3-year authorizations for development loans and for the Alliance for Progress.

The Senate had placed limits on the number of countries to which foreign assistance could be given: 10 to receive development loans; 40 to receive technical assistance; 10 to receive supporting assistance; and 40 to receive military aid.

In the case of development loans and supporting assistance, the only way the President could increase the number of countries to which aid might be given was to have the approval of the Committees on Foreign Relations and Foreign Affairs expressed by a formal resolution of these committees.

The House conferees do not believe that there should be limits on the number of countries to which aid may be given established by law. We are in favor of phasing out foreign aid as rapidly as possible, but we regard foreign assistance as an essential tool for the conduct of our foreign policy, and we believe that the President should be able to make aid available on very short notice to meet unforeseen developments.

The managers on the part of the House accepted limitations on the number of countries to receive assistance, but the conferees agreed to give the President discretion to increase the number of countries when he finds it to be in the national interest and after giving 30 days notice to the Congress.

We accepted a limitation providing that military assistance can be given to only 40 countries when we were informed by the executive branch that they had no objection to such a limitation.

Another major difference between the House and Senate has to do with providing assistance through international lending agencies. The Senate amendment contained a requirement that 15 percent of development loan funds had to be used by the World Bank or other international lending agencies.

There has been a provision in existing law for several years authorizing the

transfer of up to 15 percent of development loan funds for this purpose, but this authority has been discretionary and has never been used.

After long debate, the House conferees accepted a 10 percent set aside of development loan funds for international lending agencies. We also accepted a discretionary provision authorizing the transfer of up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank or other international lending agencies.

The House conferees are not opposed to the international lending organizations and expect that they will become bigger and better over the years. We believe, however, that these organizations should obtain their funds after having their programs and their requirements presented to the Congress on an individual basis. We do not believe that it is proper to finance such institutions by voting money for foreign aid and then having foreign aid money transferred to these international organizations at the discretion of the Executive.

Mr. Speaker, as I have said, we are not proud of this conference report, but I am convinced that we got the best agreement it was possible to get. I do not believe that if we continued to negotiate for another month, we would be any more successful in defending the House bill, and I urge the approval of the conference report.

Mr. MONAGAN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Connecticut.

Mr. MONAGAN. Mr. Speaker, I believe the chairman is unduly apologetic about the role he personally played in obtaining this conference report. It is much more satisfactory than he would have us believe from his statement. He contributed greatly to the result. I wish to congratulate him and the other conferees.

I wish to say also that I am very happy to see that the amendment which I offered and which the gentleman in the well was kind enough to accept to the bill, was accepted by the conference. This will prevent assistance from being granted to countries where Public Law 480 sales are made, unless those countries agree to use accumulated foreign currencies before they use newly appropriated dollars for this purpose. I believe that is going to be a very productive and constructive provision. I thank the gentleman for helping put it across.

Mr. MORGAN. As I told the gentleman during the debate on the foreign aid bill, I was strongly in favor of his amendment. I strongly supported it in conference.

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman.

Mr. Speaker, the gentleman from Pennsylvania has said that the conferees on this foreign aid program cannot point with pride at the result of this confer-

ence report. I should like merely to commend particularly the chairman of the committee for the very significant role he played during the conference. Had it not been for the success of his efforts, this conference report might have been far less successful than it is.

Perhaps the only comment I should care to make in regard to a provision which I consider an objectionable principle is with respect to the limitation of the number of countries which can receive aid. I feel there is no justification for this way of trying to control a foreign aid program. Even though there is an escape clause which will enable the President to enlarge the number of countries if he considers it in the national interest, I believe this is an undesirable way to act, and an indication we are perhaps not in full control of better ways of controlling this program, so that we have to accept this.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. FASCELL. I want to add my commendation to the chairman. I believe he has been unduly modest. I should like to compliment the chairman and the members of the committee for having done an outstanding job.

I do not believe there is any doubt that everyone understands there was a tremendous difference of opinion between the positions of the two bodies. Lesser persons might not have arrived at a conference report which is as good as this one. I want to compliment the chairman and the conference for having brought this report back and having resolved these basic differences.

I have a question I should like the chairman of the committee concerning the language on page 5, dealing with section 105(a)(2). It puts in a new subsection dealing with the Alliance for Progress loans which it says will be made only for projects and programs consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its annual review. As the chairman knows, there are some countries which are not part of the OAS and which receive loans under the Alliance, for example, Jamaica. CIAP does not conduct any annual review of their development activities. Am I correct in assuming the language set forth in the conference report concerning section 105(a)(2) would not apply in those cases?

Mr. MORGAN. I would say that the gentleman from Florida is correct. CIAP is part of the OAS and it only reviews plans of OAS members. If a country's development activities are not reviewed by CIAP because a country is not a member of the OAS, then I do not consider that section 105(a)(2) means we cannot make a loan to that country. I think it would be a distortion of the purpose of the provision.

Mr. FASCELL. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. GROSS. I have not heard the comparisons of the total money figures, that is, the comparisons as between the bill that passed the House, the bill that passed the Senate, and the figure arrived at in conference. Would the gentleman for the RECORD include those figures?

Mr. MORGAN. Yes, I would. The House bill passed a total of \$4,109,119,000 for this fiscal year.

Mr. GROSS. \$4,109 million?

Mr. MORGAN. \$4,109 million.

Mr. GROSS. Yes.

Mr. MORGAN. And the Senate figure was \$2,852,762,000. The compromise figure is \$3,500,735,500.

Mr. GROSS. I thank the gentleman. Now, with respect to interest rates, do I understand the interest rates for that are 2½ percent?

Mr. MORGAN. The interest rates were left exactly as they are in existing law.

Mr. GROSS. I am afraid I cannot applaud the conference committee on that subject when interest rates are going sky high. Are we now to continue loaning money to foreign countries at 2½ percent interest?

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MORGAN. Mr. Speaker, I yield myself 3 additional minutes.

Mr. Speaker, I want to say to the gentleman from Iowa that I went to the conference defending the House position on this matter. There was nothing in the House bill relating to interest rates. I am here today to report that we have won a victory for the House position.

Mr. CLEVELAND. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Hampshire.

Mr. CLEVELAND. I thank the distinguished gentleman from Pennsylvania for yielding. I would like to ask you, because I am concerned, is this conference report that we are going to be asked to vote on in a few moments result in crippling the foreign aid program?

Mr. MORGAN. No. I do not think so. I think the bill that passed the House was better than the bill that we bring back from conference. The executive will have to make substantial revisions of its program for next year and time will tell how serious these changes may turn out to be.

Mr. CLEVELAND. The reason why I ask that question is, because the Republican motion to recommit with instructions—which is really an amendment—was referred to the next day by the New York Times as a crippling amendment. The gentleman is a good friend of the New York Times and they have a high esteem for his wisdom, so I am glad to hear him say this conference is not crippling. As I understand this conference report, you are coming back from the Senate with far less than you would have left the House with had our motion to recommit prevailed. Is that a correct statement?

Mr. MORGAN. That is correct. We are coming back to the House with less than the authorization that was provided in the motion to recommit. If my memory is correct the motion to recom-

mit limited all authorizations to 1 year except for development loans and the Alliance for Progress, which were 5 years and provided a cut of \$250 million in the development loan fund.

Mr. CLEVELAND. I thank the gentleman from Pennsylvania because the gentleman has proved rather conclusively that our amendment was not a crippling amendment as so unfairly reported in the New York Times on July 15, 1966. I discussed this in the RECORD on July 20, 1966—page 15575. I keenly regret the reporting of activities here cannot be more accurate and fair than they sometimes are.

Mr. MORGAN. I thank the gentleman from New Hampshire.

Mrs. KELLY. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Speaker, as one of the managers on the part of the House of Representatives on H.R. 15750, which is the Foreign Assistance Act of 1966, I pay tribute to our chairman, the gentleman from Pennsylvania, Dr. MORGAN, for his patience and leadership in returning to the House, H.R. 15750, which includes so many features of the House bill.

But I am disappointed in many of the provisions of the conference report but I fully support this compromise as it is the choice of the majority of the managers on the part of the House.

The House bill and the Senate amendment contained numerous and important differences. Many of these differences reflected a divergence between the managers on the part of the House and the managers on the part of the Senate in their concepts of the objectives of the foreign aid program and of the relation of foreign aid to the implementation of U.S. foreign policy.

Although the committee of conference agreed to compromise language with respect to major differences, the conference report does not reflect a reconciliation of the basic positions of the Senate and the House conferees as to the nature and the administration of foreign aid.

The Senate amendment contained no language relating to military assistance because the Senate had passed a separate bill, S. 3583, dealing with this matter. Most of the provisions of the House bill relating to military assistance had been included in S. 3583 as approved by the Senate and were agreed to by the committee of conference after the managers on the part of the House accepted authorizations for a single fiscal year instead of the 2-year authorizations contained in the House bill.

The House bill authorized \$917 million for military assistance. There was no authorization for military assistance in the Senate amendment.

The managers on the part of the House agreed to a figure of \$875 million and to a requirement that military assistance shall not be furnished, other than for training in the United States, to more than 40 countries in any fiscal year.

The managers on the part of the House

accepted a limitation that military assistance and sales (other than training) to the American Republics shall not exceed \$85 million.

The purpose of this limitation is to discourage the governments of the American Republics from diverting their limited resources from programs of economic and social development to building military establishments larger than necessary to maintain internal security and defend against border incursions.

Should this limitation prove to be either too restrictive or fail to accomplish its objective because of procurement from non-U.S. sources, the managers on the part of the House are prepared to initiate appropriate remedial action.

The committee of conference agreed to an authorization for 3 years for the development loan fund and for the Alliance for Progress, and for 1 year only with respect to other authorizations of funds and those provisions of the House bill which had authorized operations for a 2-year period.

The managers on the part of the House accepted the limitation of development loans to 10 countries and of technical cooperation and development grants to 40 countries after getting agreement that the President could provide assistance to any additional country 30 days after submitting to the Committee on Foreign Relations of the Senate and the Speaker of the House a report stating that assistance to such country is in the national interest and giving his reasons.

The managers on the part of the House accepted a limitation on the number of countries to receive supporting assistance of 13 rather than 10 as contained in the Senate amendment, together with the requirement for a Presidential determination and notification to the Congress as contained in the Senate amendment.

The managers on the part of the House also accepted a limitation on the number of countries to which military assistance could be provided to 40 after being informed that the executive branch did not oppose such a limitation.

It was the understanding of the managers on the part of the House that countries receiving U.S. aid as participants in programs or projects organized or administered by international organizations or carried on behalf of or jointly by a group of nations are not to be included in determining the number of countries subject to the various limitations on the number of countries to which assistance may be provided.

Although the House conferees share with the Senate a desire to reduce foreign aid expenditures and to curtail the magnitude and scope of foreign aid operations, they do not regard the limiting by law of the number of countries to which assistance may be provided as being a desirable or effective means of attaining the desired objective.

The managers on the part of the House do not believe that the United States should provide assistance to foreign countries unless such assistance makes a significant contribution to the attain-

ment of our foreign policy objectives. It is essential that the Congress be on guard against any tendency on the part of those responsible for foreign aid operations to regard the extension of assistance to additional countries and the expansion of programs already in existence as being normal, inevitable, or desirable.

To the extent that the limitations on the number of countries agreed to by the committee of conference cause the Executive to exercise prudence in extending or expanding U.S. assistance to other countries, they may serve a useful purpose. The President is given discretion, however, to exceed these limits when he determines that it is in the national interest to do so.

The Senate amendment—section 102 (e)—provided that 15 percent of development loan funds should be available only for transfer to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation. Under existing law, transfer of the same percentage is authorized, but funds are not required to be used only for this purpose.

The managers on the part of the House accepted a set-aside of 10 percent of development loan funds for such transfers.

Although there may be situations where it would be in the interest of the United States to transfer foreign assistance funds to such agencies for specific operations, the House conferees do not believe that responsibility for the administration of the foreign assistance program or foreign assistance funds should be shifted to these international institutions.

I have consistently initiated and supported the necessity under the foreign assistance program to permit home building. It has been the Kelly amendment to grant this guarantee for building of homes especially in Latin America. The committee of conference agreed to a ceiling of Latin American housing guarantees for a figure of \$450 million and agreed to a determination date of June 30, 1969.

I am so happy that this Kelly amendment has been extended as I believe the all important issue of a civilization is the home.

I urge the acceptance of the conference report.

The SPEAKER pro tempore (Mr. MACDONALD). The time of the gentleman from Pennsylvania has again expired.

Mr. MORGAN. Mr. Speaker, I yield myself 1 additional minute.

Mrs. KELLY. Mr. Speaker, I would like to bring to the attention of the Members of the House the fact that on page 19 appear the differences between the two bills.

Mr. Speaker, I believe at this point that if everyone would procure that document it would be most helpful in arriving at a decision on this and, Mr. Speaker, I urge everyone to vote for this conference report and give it our utter approval.

Mr. Speaker, the distinguished gentleman from Pennsylvania [Mr. MORGAN] performed a beautiful and patient job in bringing back to this House of Representatives the very best possible bill that he could, and a bill which does not cripple the foreign aid program.

Mr. REID of New York. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

(Mr. REID of New York asked and was given permission to revise and extend his remarks.)

Mr. REID of New York. Mr. Speaker, I too, would like to commend the distinguished chairman in the well for his leadership, both upon the consideration of the provisions contained in this bill and in the conference.

Mr. Speaker, in my opinion the plan for the longer authorization is in the best interest of this program and, in my opinion, is a plan which the other countries encompassed under the provision of the bill desire.

Mr. Speaker, it is essential that we move in that direction. This movement commenced initially under former President Eisenhower, and I commend him for his interest.

The SPEAKER pro tempore (Mr. MACDONALD). The time of the gentleman from Pennsylvania has again expired.

(Mr. MORGAN asked and was given permission to proceed for 1 additional minute.)

Mr. REID of New York. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield further to the gentleman from New York.

Mr. REID of New York. Mr. Speaker, as the gentleman from Pennsylvania well knows, there is little likelihood that some of these countries undertaking major fiscal monetary reforms, unless there is some basis for such plans and authorizations, I would like to ask the gentleman from Pennsylvania [Mr. MORGAN] whether there was any progress at all with regard to the utilization of foreign currencies, notably in the country of India, where they are continuing to increase.

Mr. Speaker, the gentleman from Pennsylvania [Mr. MORGAN] was very helpful in the 1964 Foreign Aid Act, in securing its passage with a provision to employ a little more utilization of these foreign currencies, of course subject to the wishes of the Congress and of the Committee on Appropriations.

Mr. MORGAN. We still are accumulating foreign currencies in some countries faster than we can use them but we are using them to save dollars in many instances.

Mr. PEPPER. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. Of course I yield to the distinguished gentleman from Florida.

Mr. PEPPER. First, Mr. Speaker, I want to commend the able chairman of the Committee on Foreign Affairs and his committee for the splendid work which they have done in the entire area of foreign affairs.

Mr. Speaker, the tribute which has been paid to that committee from all over the country is richly deserved.

Mr. Speaker, while serving as a Member of the other body, I served on the Foreign Relations Committee and I am proud to see the tributes which have come to the gentleman's distinguished committee, under the able leadership of the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Speaker, I thank the gentleman from Florida.

Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Speaker, upon one major point, we are in agreement. This was a difficult conference. There were 97 points of difference between the bill passed by the House and the amendment passed by the other body.

Mr. Speaker, we were in session 12 times in a period of more than 3 weeks. This gives some indication of the magnitude of the task that was before us.

There is presented to the House today a report which would authorize the expenditure—and I speak in round numbers, now—of \$3,500 million for this fiscal year for the foreign assistance act. However, Mr. Speaker, Members should recall that if this report is adopted by this House and the other body that there is also authorized in this bill an additional \$3 billion: \$750 million for the development loan fund for each of the 2 following years and \$750 million for the Alliance for Progress for each of the 2 following years.

By voting for this conference report—which incidentally I do not expect to do—we will be voting for a total authorization of about \$6,500 million, of which \$3,500 million will be for the coming fiscal year plus a substantial portion that I have designated for the next 2 fiscal years for the programs I have indicated.

The gentleman from New Hampshire a few moments ago posed a question to the chairman of the committee and elicited a reply that if the motion to recommit—which would have reduced the authorization for the development loan fund from the figure of \$1 billion to \$750 million—had been adopted, we would still have authorized in this body an amount greater than we present here today for the next fiscal year. The figure for the next fiscal year in this report for development loans is \$685 million.

Hence I think the point the gentleman made that the arguments then presented that the recommitment would have a crippling effect certainly are shown now to be faulty.

Furthermore, the period of authorization in the motion to recommit was for 5 years for the development loan fund. This, too, is more generous than the report before us today thus the motion to recommit was far less crippling than the conference report.

Mr. Speaker, let me point out some things which have concerned some of us through the years. The Executive request for the Development Loan Fund,

to use an example, was for \$1,250, million for each of the next 5 years. The committee reduced that to \$1 billion for each of 5 years.

As I have just pointed out, there was a further effort to reduce it to \$750 million—still a figure substantially above the Executive appropriation request. This effort failed on the floor of this House.

It seems to me that here is an area in which we in the Committee on Foreign Affairs and this House ought to act more realistically, and indeed the Executive ought to act more realistically.

I see no reason for the Executive coming before us with an authorization request for \$1,250 million against which they intend to ask for only \$665 million. This does not make sense.

It may be understandable, if you recall, that the authorizations against which appropriations were not made would carry forward and would, to that degree, give the Executive additional leeway in the future. But that situation, it seems to me, ought to be remedied by the committee and by this House in that we make a real effort to keep our authorizations closer to the amount that is actually going to be asked for in appropriations. If these authorizations are to be meaningful and significant, that is necessary.

Mr. Speaker, there is another situation which deserves comment. There is a controversy between an agency of the Government of Iran and an American business enterprise. This American business enterprise entered into a contract with an agency of the Government of Iran to operate a sawmill in that country which the Iranians had not been able to operate successfully. Suddenly one day soldiers appeared and excluded all the Americans from this operation and took over the operation and terminated the contract.

Efforts have been made in the ensuing months to come to an agreement whereby the Government or the agency of the Government of Iran would settle the obligation. These efforts have been fruitless.

There is language in this report indicating the deep concern of the conferees over this matter. There is language in the report of the Committee on Appropriations last fall similarly indicating concern over this matter but nothing final has been done.

I am informed that the representatives of the American company will be returning to Iran tomorrow to try further negotiation. It is said that the company has not exhausted all of its legal remedies. Representatives of the company tell me that this is not the case, and that they have, in fact, exhausted their legal remedies. If we are to encourage private enterprise in Iran and throughout the world, then certainly we must give encouragement and protection to our businessmen, I would urge very strongly that in the interests of continued good relations between Iran and

the United States this matter be settled as promptly and equitably as possible.

Mr. MAILLIARD. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. MAILLIARD. I thank the gentleman for yielding. I would like to ask the chairman of the committee a question, if I might. It is my understanding that the language on page 30 of the conference report that—"although the U.S. firm has not exhausted the legal remedies available to it"—was not intended to mean that they have further legal action that they could take that they have failed to take, but merely that the provisions of law have not had time to come into effect.

Mr. MORGAN. That is substantially correct.

Mr. MAILLIARD. There was no intention of criticizing the company for failing to pursue this objective properly.

Mr. MORGAN. The gentleman is substantially correct.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Iowa.

Mr. GROSS. The Senate figure was \$2.852 billion, or approximately that; is that correct?

Mr. ADAIR. That is correct.

Mr. GROSS. The House figure was \$3.5 billion?

Mr. ADAIR. No; if I remember correctly, the House figure was \$4.1 billion.

Mr. GROSS. It was \$4.1 billion?

Mr. ADAIR. For this coming fiscal year.

Mr. GROSS. That appears to be some \$2 billion over the original figure that the Senate went to conference with; is that correct?

Mr. ADAIR. The total figures, I will say to the gentleman from Iowa, represent a reduction in the House figure of \$608 million plus, and an increase in the Senate figure of \$647 million plus.

Mr. GROSS. It was \$647 million, or nearly \$700 million. It seems to me to be a most unusual procedure when the House goes into a conference that increases the Senate figure by more than a half billion dollars.

Mr. ADAIR. Some of us would have felt happier if we had concluded with a figure much nearer to that which the other body had approved earlier.

Mr. GROSS. I assume the Senate figure of \$2.8 billion included military assistance as well as economic assistance, did it not?

Mr. ADAIR. Yes, it did.

Mr. GROSS. So that was the total bill?

Mr. ADAIR. Yes, it was the total. That does include military assistance. Economic assistance was \$2 billion; the military was \$792 million, so the gentleman is correct. It does include it.

Mr. GROSS. Until this day I thought the other body was the spending body. I am changing my mind. I thank the gentleman for yielding.

Mr. MORGAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ADAIR. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 217, nays 127, not voting 88, as follows:

[Roll No. 261]

YEAS—217

Adams	Green, Oreg.	Ottenger
Albert	Green, Pa.	Patman
Anderson,	Greigg	Patten
Tenn.	Grider	Pelly
Annunzio	Griffiths	Pepper
Arends	Hagen, Calif.	Perkins
Ashley	Halpern	Philbin
Aspinall	Hamilton	Pickle
Ayres	Hanley	Pike
Bandstra	Hanna	Pirnie
Barrett	Hansen, Iowa	Powell
Bates	Hansen, Wash.	Price
Beckworth	Hardy	Pucinski
Bingham	Hathaway	Purcell
Blatnik	Hechler	Quie
Boggs	Helstoski	Reid, N.Y.
Boland	Hicks	Reuss
Bolton	Hollifield	Rhodes, Pa.
Brademas	Holland	Rivers, Alaska
Brooks	Howard	Robison
Broomfield	Huot	Rodino
Burke	Irwin	Ronan
Burton, Calif.	Jacobs	Roncalio
Byrne, Pa.	Joelson	Rooney, N.Y.
Cabell	Johnson, Calif.	Rooney, Pa.
Cahill	Jones, Ala.	Rosenthal
Callan	Karsten	Rostenkowski
Cameron	Karth	Roybal
Carey	Kastenmeier	Ryan
Cleveland	Kee	St Germain
Clevenger	Keith	St. Onge
Conable	Kelly	Scheuer
Conte	King, Calif.	Schisler
Conyers	King, Utah	Schweiker
Cooley	Kirwan	Selden
Craley	Kluczynski	Sikes
Daddario	Kunkel	Sisk
Daniels	Kupferman	Slack
de la Garza	Love	Smith, Iowa
Delaney	McCarthy	Smith, N.Y.
Dent	McDade	Springer
Denton	McDowell	Stafford
Diggs	McFall	Staggers
Dingell	McGrath	Stalbaum
Donohue	McVicker	Stratton
Dow	Macdonald	Stubblefield
Downing	MacGregor	Sullivan
Dulski	Machen	Teague, Tex.
Duncan, Oreg.	Mahon	Tenzer
Dwyer	Mailliard	Thompson, N.J.
Dyal	Martin, Mass.	Todd
Edwards, Calif.	Mathias	Trimble
Erlenborn	Matsunaga	Tunney
Evans, Colo.	Matthews	Tupper
Fallon	May	Udall
Farbstein	Meeds	Ullman
Farnsley	Miller	Vanik
Farnum	Minish	Vigorito
Fascell	Monagan	Vivian
Feighan	Moorhead	Waldie
Flood	Morgan	Weltner
Fogarty	Morse	White, Idaho
Foley	Morton	White, Tex.
Ford, Gerald R.	Moss	Widnall
Ford,	Multer	Wilson, Bob
William D.	Murphy, N.Y.	Wilson,
Fraser	Natcher	Charles H.
Frelinghuysen	Nedzi	Wolff
Gialmo	Nelsen	Wright
Gibbons	Nix	Wyder
Gilbert	O'Brien	Yates
Gonzalez	O'Hara, Ill.	Young
Grabowski	O'Hara, Mich.	
Gray	Olsen, Mont.	

NAYS—127

Abbutt	Dorn	Martin, Nebr.
Adair	Dowdy	Michel
Anderson, Ill.	Duncan, Tenn.	Mills
Andrews,	Edwards, Ala.	Minshall
George W.	Edwards, La.	Mize
Andrews,	Ellsworth	Moore
Glenn	Everett	Morris
Andrews,	Findley	Passman
N. Dak.	Fino	Poage
Ashbrook	Fountain	Poff
Belcher	Fuqua	Pool
Bennett	Gathings	Quillen
Berry	Goodell	Race
Betts	Gross	Randall
Bow	Grover	Redlin
Bray	Gubser	Reid, Ill.
Brock	Gurney	Reifel
Brown, Calif.	Haley	Rhodes, Ariz.
Brown, Clar-	Hall	Roberts
ence J., Jr.	Hansen, Idaho	Rogers, Fla.
Broyhill, N.C.	Harsha	Rogers, Tex.
Broyhill, Va.	Harvey, Mich.	Roudebush
Buchanan	Henderson	Roush
Burleson	Hosmer	Rumsfeld
Byrnes, Wis.	Hull	Schneebell
Casey	Hungate	Secrest
Cederberg	Hutchinson	Shipley
Chamberlain	Ichord	Shriver
Chelf	Jarman	Skubitz
Clancy	Jennings	Smith, Calif.
Clausen,	Johnson, Okla.	Smith, Va.
Don H.	Johnson, Pa.	Stanton
Clawson, Del	Jonas	Steed
Collier	Jones, N.C.	Talcott
Colmer	Kornegay	Taylor
Cramer	Laird	Thomson, Wis.
Curtin	Langen	Tuck
Curtis	Latta	Waggonner
Dague	Leggett	Walker, N. Mex.
Davis, Wis.	Lennon	Watson
Derwinski	Lipscomb	Whitener
Devine	Long, La.	Whitten
Dickinson	McCulloch	Wyatt
Dole	Marsh	Younger

NOT VOTING—88

Abernethy	Hagan, Ga.	O'Neill, Mass.
Addabbo	Halleck	Rees
Ashmore	Harvey, Ind.	Reinecke
Baring	Hawkins	Resnick
Battin	Hays	Rivers, S.C.
Bell	Hébert	Rogers, Colo.
Bolling	Herlong	Satterfield
Burton, Utah	Horton	Saylor
Callaway	Jones, Mo.	Schmidhauser
Carter	Keogh	Scott
Celler	King, N.Y.	Senner
Clark	Krebs	Sickles
Cohelan	Landrum	Stephens
Corbett	Long, Md.	Sweeney
Corman	McClory	Teague, Calif.
Culver	McEwen	Thomas
Cunningham	McMillan	Thompson, Tex.
Davis, Ga.	Mackay	Toll
Dawson	Mackie	Tuten
Edmondson	Madden	Utt
Evins, Tenn.	Martin, Ala.	Van Deerlin
Fisher	Mink	Walker, Miss.
Flynt	Moeller	Watkins
Friedel	Morrison	Watts
Fulton, Pa.	Mosher	Whalley
Fulton, Tenn.	Murphy, Ill.	Williams
Gallagher	Murray	Willis
Garmatz	O'Konski	Zablocki
Gettys	Olson, Minn.	
Gilligan	O'Neal, Ga.	

So the conference report was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Saylor against.
Mr. Keogh for, with Mr. O'Neal of Georgia against.
Mr. O'Neill of Massachusetts for, with Mr. Abernethy against.
Mr. Zablocki for, with Mr. Williams against.
Mr. Addabbo for, with Mr. Satterfield against.
Mr. Horton for, with Mr. Scott against.
Mr. Fulton of Pennsylvania for, with Mr. Baring against.
Mr. Bell for, with Mr. Murray against.
Mr. Corbett for, with Mr. Fisher against.
Mr. Schmidhauser for, with Mr. Teague of California against.
Mr. Hays for, with Mr. Battin against.
Mr. Hawkins for, with Mr. King of New York against.

Mr. Celler for, with Mr. Cunningham against.
Mr. Madden for, with Mr. Carter against.
Mrs. Thomas for, with Mr. Burton of Utah against.
Mr. Murphy of Illinois for, with Mr. Mosher against.
Mr. Garmatz for, with Mr. McClory against.
Mr. Gilligan for, with Mr. McEwen against.
Mr. Resnick for, with Mr. Utt against.
Mr. Gallagher for, with Mr. O'Konski against.
Mr. Cohelan for, with Mr. Reinecke against.
Mr. Evins of Tennessee for, with Mr. Harvey of Indiana against.
Mr. Friedel for, with Mr. Walker of Mississippi against.
Mr. Fulton of Tennessee for, with Mr. Martin of Alabama against.
Mr. Rivers of South Carolina for, with Mr. Whalley against.
Mr. Van Deerlin for, with Mr. Ashmore against.
Mr. Rogers of Colorado for, with Mr. Davis of Georgia against.
Mr. Corman for, with Mr. Gettys against.
Mr. Edmondson for, with Mr. Hagan of Georgia against.
Mrs. Mink for, with Mr. McMillan against.
Mr. Watts for, with Mr. Stephens against.
Mr. Clark for, with Mr. Tuten against.
Mr. Sickles for, with Mr. Willis against.
Mr. Rees for, with Mr. Moeller against.

Until further notice:

Mr. Mackay with Mr. Sweeney.
Mr. Thompson of Texas with Mr. Toll.
Mr. Landrum with Mr. Krebs.
Mr. Senner with Mr. Herlong.
Mr. Culver with Mr. Dawson.
Mr. Morrison with Mr. Flynt.
Mr. Olson of Minnesota with Mr. Mackie.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mrs. KELLY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

INCOME TAX TREATMENT OF EXPLORATION EXPENDITURES IN THE CASE OF MINING

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 4665) relating to the income tax treatment of exploration expenditures in the case of mining, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1966.)

Mr. MILLS. Mr. Speaker, under present law, mining exploration expenditures are deductible in computing

taxable income but only to the extent they do not exceed two limitations. First, the deduction for these expenditures during any taxable year may not exceed \$100,000. Second, the total amount of the deductions taken by any one taxpayer for these expenditures for all taxable years may not exceed \$400,000. Expenditures in excess of these limitations must be capitalized—that is, they must be added to the cost of the property.

The bill, as it passed the House, removed both the \$100,000 per year and the \$400,000 overall ceilings on deductions which may be taken for exploration expenditures where the exploration occurs within the United States. However, under the House bill, exploration expenditures deducted after the date of enactment of this bill were to be "recaptured" either by decreasing the depletion deductions if the mine reaches the production stage or by treating an appropriate amount of any gain as ordinary income in the case of most dispositions of the property. The House bill repealed entirely the deduction for exploration expenditures in the case of exploration abroad.

The bill, as it passed the Senate, made two major modifications in the House bill:

First, the Senate version provided that all taxpayers are to be given the right to continue to deduct exploration expenditures—subject to the \$100,000 and \$400,000 ceilings of existing law—without any "recapture" rules being applied. This change also has the effect of restoring the deduction of exploration expenditures for foreign and oceanographic explorations up to the limits of \$100,000 a year or \$400,000 overall as provided under present law.

Second, an amendment was made with respect to exploration expenditures in the case of coal. Under the House bill, exploration expenditures in the case of coal were continued as under present law. That is, they were continued as deductible items but only to the extent of the \$100,000 limit per year or \$400,000 limitation overall. Coal exploration expenditures were not included in the new provision added by the House removing the ceilings but providing for the recapture of exploration expenditures.

The action taken by the conference committee retained the option added by the Senate permitting as an alternative to the House bill provision the right of the taxpayer to deduct exploration expenditures up to the \$100,000 and \$400,000 ceilings with no recapture in subsequent years when the mine goes into production or is sold. This is an alternative under the conference action to the House provision which would permit these exploration deductions to be taken without limitation so long as there is subsequently a recapture against depletion deductions or income upon sale.

Under the conference committee action, however, instead of this election between these two alternatives being taken at any time in the future that the taxpayer may desire, it was decided to limit his right to elect between these two provisions to the 3-year period end-

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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89th-2nd; No. 150

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HIGHLIGHTS: Senate adopted conference report on foreign aid authorization bill.
House agreed to conference report on labor standards bill. House debated interest-rates control bill.

HOUSE

- 1. LABOR STANDARDS.** Agreed to, 259-89, the conference report on H. R. 13712, to amend the Fair Labor Standards Act so as to increase the minimum wage, extend the Act to various additional groups including agricultural workers, and strengthen the overtime-work provisions. pp. 21029-37
- 2. INTEREST RATES.** Began debate on H. R. 14026, to impose ceilings on rates of interest payable on time deposits in insured banks. pp. 21042-76, 21078-80

3. BUDGETING. Rep. Halpern spoke in favor of his bill to provide for a Joint Committee on the Budget. p. 21087
4. POVERTY. Rep. Brademas inserted Sargent Shriver's speech, "Why We Need the War on Poverty." pp. 21098-102
5. LEGISLATIVE PROGRAM. Rep. Boggs announced an intention to complete the interest-rates bill and the sea-grant college bill today, then adjourn until Mon. p. 21069

SENATE

6. FOREIGN AID. Agreed to the conference report on H. R. 15750, the foreign aid authorization bill. This bill will now be sent to the President. pp. 21019-26
7. LOANS. Concurred in the House amendment to S. 112, to authorize the Secretary of Agriculture to make real estate mortgage loans on leased lands in Hawaii. This bill will now be sent to the President. p. 20987
8. SALINE WATER. Concurred in the House amendment to S. 2747, to authorize conclusion of an agreement with Mexico for joint measures for solution of the Lower Rio Grande salinity problem. This bill will now be sent to the President. p. 20988
9. RECLAMATION. Agreed to the conference report on S. 254, to authorize the Tualatin Federal reclamation project, Oreg. This bill will now be sent to the President. pp. 21017-19
10. SCHOOL MILK. Sen. Proxmire expressed his intention to "fight for additional funds for the milk program in a supplemental appropriation bill." p. 20983
11. PARK SERVICE. Sen. Tower inserted a proclamation paying tribute to the National Park Service on its 50th anniversary. p. 21000
12. FARM POLICY. Sen. McGovern inserted an article critical of the world farm policy, a letter from Secretary Freeman stating that the article "presents a faulty impression of the food situation in this country and the world," and Sen. McGovern's letter on this subject. pp. 21000-2
13. INTERGOVERNMENTAL RELATIONS. Sen. Kennedy, Mass., urged early hearings on his bill to authorize a study and investigation of an information service system for the States and localities to enable participation in federally assisted programs and inserted a paper on the subject prepared by Willard Fazar of the Budget Bureau. pp. 21003-8
14. PESTICIDES. Sen. Nelson commended and inserted an article, "If Pesticide Use Goes Unchecked, Game May Be Too Scarce To Hunt Or Unsafe To Eat." pp. 21008-11

ITEMS IN APPENDIX

15. LABELING. Rep. Cunningham inserted testimony presented in opposition to the proposed truth-in-packaging legislation. pp. A4684-6
16. RESEARCH; EDUCATION. Rep. Reuss inserted an article, "Problems Involved In Cooperation Between Universities and Government Agencies." pp. A4687-9

We feel that there is no inconsistency in our recommendations concerning water quality control as a purpose of the Tualatin project, Oregon, and the Dolores project, Colorado. In both cases, our reports were based upon findings of the Public Health Service on the potential benefits to water quality through operation of the project, on the identification of the beneficiaries, and on the scope of the benefits to be derived. The language of Section 466(a)(4) of the Act is specific in requiring such determinations:

"(4) Costs of water quality control features incorporated in any Federal reservoir on other impoundment under the provisions of this Act shall be determined and the beneficiaries identified and if the benefits are widespread or national in scope, the costs of such features shall be nonreimbursable."

The operation of Scoggins Reservoir at the Tualatin project, as we originally proposed, would provide seasonal releases for the specific purpose of improving the quality of water flowing in the lower reaches of the Tualatin River and in the Willamette River near Portland, Oregon. The Public Health Service report on this project (included in our report) identifies the source of existing pollution, assesses existing treatment measures, and reports on existing water quality problems and anticipated future conditions with and without the project. Based upon the cost of an alternative single-purpose water quality control project, the annual benefit of the function was determined to be \$134,250. The Public Health Service also determined that the benefits of water quality control as a purpose of that project, "may be regarded as widespread and national in scope." Accordingly, in compliance with the provisions of the Act, we recommended that water quality control be a function of the Tualatin project and that the costs allocated to that function be nonreimbursable. The criteria used for allocating these costs are those of the generally accepted Separable Costs-Remaining Benefits method of cost allocation.

In the case of the Dolores project, the Public Health Service prepared a report on the need for water quality control in the proposed McPhee Reservoir. The Service found that "there is no apparent need for storage of water in project reservoirs for purposes of water quality control." It found that the storage of water in the proposed McPhee Reservoir would benefit the municipal and industrial water users by reducing the hardness of the waters. Storage of spring runoff of "soft" water would dilute the "hard" waters of mid and late summer. Savings of soap, detergents, and general household cleaners were estimated to average \$8,300 annually. These savings would accrue to the water users in the towns of Cortez and Dove Creek who would also be purchasing project water for domestic and industrial use. The value of the annual savings was adopted as a measure of benefits for the allocation of costs to water quality control. However, the Public Health Service did not make a finding that the benefits would be widespread or national in scope. Under the provisions of the Act quoted above those costs were therefore considered to be reimbursable.

The responsibility for making the findings required by the Act was transferred to this Department in May of this year under Reorganization Plan No. 2 of 1966, which transferred the Federal Water Pollution Control Administration to the Department of the Interior. This action should result in closer coordination in project formulation among the functions of water resources development. Further, the policy questions and procedures for evaluation of water quality control benefits and for determining the reimbursability of costs allocated to that function are now being studied by a committee of the Water Resources Council.

The findings of that committee will prove most helpful in permitting us to establish policies for inclusion of water quality control as a purpose in future projects.

The question of authorization for recreation and fish and wildlife enhancement at this project and in future projects is a matter that needs to be resolved. As our letter of April 1, 1966, indicated our Solicitor has concluded that the Federal Water Project Recreation Act (P.L. 89-72, 70 Stat. 213) specifically and deliberately excluded authority for construction of facilities to serve these purposes at future projects. In the face of this prohibition we feel that all subsequent project authorizations should contain specific language authorizing the provision of appropriate recreation and fish and wildlife enhancement facilities.

We are aware that a contrary argument can be made, based upon inclusion of recreation and fish and wildlife enhancement as project purposes and upon the language in section 1 of the Federal Water Project Recreation Act authorizing appropriate construction of projects consistent with the purposes of that Act. Nonetheless, it is our feeling that future projects will each require specific authority for constructing facilities to serve these purposes and that that authority will need to be clearly articulated, either in the authorizing legislation or in its legislative history. We accordingly urge that your Committee adopt the language contained in our letter of April 1, 1966.

We appreciate the opportunity which you have given us to comment on this bill.

Sincerely yours,

J. CORDELL MOORE,
Assistant Secretary of the Interior.

STATEMENT

The Managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 254) to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Federal Reclamation Project, Oregon, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The Conference Committee agreed upon the language of the House amendment. The position of the Conference Committee on two matters involved in this legislation is set out in this statement.

WATER QUALITY CONTROL

The Senate-passed bill included "water quality control" with a non-reimbursable allocation of \$2,020,800 to this purpose. The House amendment does not include "water quality control" as a purpose in the Tualatin project.

The Conference Committee requested information on this matter from the Department of the Interior. By letter of August 23, 1966, the Department furnished information on the water quality control allocations recommended for the Tualatin project and also for the Dolores project in Colorado. Also, in this letter, the Conference Committee's attention was called to the fact that the Federal Water Pollution Control Administration is now in the Department of the Interior and that the Department now has responsibility for making the findings with respect to water quality control allocations. The letter further stated:

"Further, the policy questions and procedures for evaluation of water quality control benefits and for determining the reimbursability of costs allocated to that function are now being studied by a committee of the Water Resources Council."

In view of apparent inconsistencies in the handling of "water quality control" with respect to different projects and the fact that the reimbursability of costs allocated to this

function is presently being restudied, the Conference Committee agreed to leave out "water quality control" as a project purpose on a nonreimbursable basis, although it has no objection to operation for "water quality control" if the costs of such operations are reimbursable by the beneficiaries. The Conference Committee understands that the Secretary has authority for operation of the project for "water quality control" on this basis as he does for furnishing water for other miscellaneous purposes.

The physical plan for the Tualatin project will be the same regardless of whether the project is operated for "water quality control". The difference is only in the operating plan. Thus, the action of the Conference Committee does not foreclose later approval of project operation for "water quality control" on a non-reimbursable basis. If the studies presently being conducted result in equitable and consistent policies with respect to including "water quality control" as a function in water resources projects and the repayment of the costs thereof, then the legislation can be amended to give the Tualatin project the benefit of such policy.

RECREATION AND FISH AND WILDLIFE

The Conference Committee agreed upon the language of Section 3 in the House amendment which provides that the conservation and development of the fish and wildlife resources and the enhancement of the recreation opportunities in connection with the Tualatin project shall be in accordance with the provisions of the Federal Water Project Recreation Act. The Conference Committee believes that this language plus the inclusion of these functions as project purposes in Section 1 of the legislation gives the Secretary ample authority to investigate, plan, construct, operate and maintain recreation and fish and wildlife enhancement facilities in connection with the Tualatin project.

By letter of April 1, 1966, the Department's Legislative Counsel recommended that Section 3 of the legislation be amended to read as follows:

"SEC. 3. The Secretary is authorized, as a part of the project to investigate, plan, construct, operate, and maintain, or otherwise provide for public outdoor recreation and fish and wildlife enhancement facilities, to acquire or otherwise make available such adjacent lands or interests therein as are necessary for public outdoor recreation or fish and wildlife use, and to provide for public use and enjoyment of project lands, facilities and water areas in a manner coordinated with the other project purposes. Such recreation and fish and wildlife enhancement costs shall be nonreimbursable."

The language adopted by the Conference Committee gives the Secretary precisely the same authority, so far as it is consistent with the project plan and the provisions of the Federal Water Project Recreation Act, as the language recommended by the Department would have done and does so in more succinct form.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

FOREIGN ASSISTANCE ACT OF 1966—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of Aug. 31, 1966, CONGRESSIONAL RECORD, 20488-20491.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, after some weeks of conferences, the Senate and House Conferees on the Foreign Assistance Act of 1966 reached agreement. It was not easy. The House and the Senate were very far apart in their respective approaches to the subject of foreign aid.

The principal differences and the way they were resolved were as follows:

I. MULTIYEAR AUTHORIZATIONS

With the exception of the Alliance for Progress, the Senate authorized both economic and military assistance for only 1 year. The House, however, authorized all programs for 2 years, and the Alliance for Progress and the Development Loan Fund were authorized for 5 years.

The House agreed to accept the Senate limitation of authorizations for 1 year and to limit authorizations for the Alliance and the Development Loan Fund to 3 years.

This was done in part in exchange for the Senate receding from the position next described.

II. SEPARATE MILITARY AND ECONOMIC BILLS

The Senate this year passed two bills; one covering economic assistance—S. 3584 and H.R. 12169, \$2.06 billion—and the other authorizing military assistance—S. 3583, \$792 million. The House, however, included both military and economic assistance in one bill.

As one of many factors which induced the House to agree to the 1-year authorization described above, the Senate conferees agreed to accept one bill which incorporates both military and economic assistance.

III. COMPROMISES ON FUND AUTHORIZATIONS

In general, the amounts authorized in the conference report now before the Senate were fixed by accepting figures half way between those authorized by the House and those authorized by the Senate. Page 18 of the conference report shows the differences and the final agreement.

That table shows that the House authorized appropriations totalling \$4.109 billion, whereas the Senate authorized \$2.852 billion—including military at \$792 million. The final overall figure authorized was \$3.500 billion.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SYMINGTON. Would the able Senator state how much was added in conference to the Senate bill?

Mr. SPARKMAN. I will give the figure again.

The total of the House was \$4.109 billion. The total of the Senate was \$2.852 million. That included the military, of \$792 million. The final figure was \$3,500 million.

Mr. SYMINGTON. About half a billion dollars difference?

Mr. SPARKMAN. I can give the Senator the exact figure.

Mr. SYMINGTON. That is a difference of about \$700 million. Do I understand correctly?

Mr. SPARKMAN. It is \$648 million more than the Senate figure.

Mr. SYMINGTON. I thank the Senator.

IV. LIMITATIONS ON NUMBERS OF COUNTRIES TO RECEIVE ASSISTANCE

Mr. SPARKMAN. Mr. President, the Senate this year, as a culmination of efforts undertaken over several years, made special effort to induce the administration to concentrate its aid programs in a limited number of countries, to emphasize to AID the importance of getting assistance into regional patterns and through multilateral organizations, and to turn AID away from the philosophy that every nation ought to have at least a small aid program. It has not been the view of the Foreign Relations Committee that bilateral aid is a "tool" to be in every Ambassador's work kit. There have been some instances in which careful students of particular programs have found that aid has been misused and done more damage than good.

The Senate bill, therefore, limited development loans to 10 countries—excluding the Alliance for Progress—technical cooperation assistance to 40, and supporting assistance to 10. While the Senate conferees sought to make these limitations mandatory, it was finally agreed that while the numerical limitations would be retained, they could be exceeded in the case of development loans and technical assistance only if the Committee on Foreign Relations and the Speaker of the House receive, 30 days prior to the addition of a country, a statement from the President giving his reasons for believing that the addition of such country is in the national interest. Thus, there will be opportunity for interested Members of the Congress to make their views known prior to expansion of these programs beyond the numerical limitation imposed by the legislation.

In the case of supporting assistance, Senate conferees agreed to raise the number of countries from 10 to 13. The number can be increased beyond 13 only upon a Presidential determination and notification to the Congress.

The numerical limitation imposed by the Senate of 40 as the number of countries which might receive military assistance remains in the bill. This limitation does not apply to countries which receive only training assistance in the United States; nor does it apply to sales.

Mr. President, the next item to which I wish to refer is:

V. ECONOMIC ASSISTANCE THROUGH MULTILATERAL INSTITUTIONS

The Senate bill required that 15 percent of the development loan funds could be made available only for transfer to the International Development Association, the International Bank, and the International Finance Corporation. Heretofore the language relating to putting funds into development uses through these multilateral institutions has been permissive.

The House had no such provision, but finally accepted the figure of 10 percent set aside. This means that 10 percent of the funds made available for development loans pursuant to this authorization may be used only if they are expended through one of these multilateral institutions. Thus, if the Congress appropriates the full authorization for development loans; that is, \$685 million, \$68.5 million of that amount will be available only for transfer to these institutions on such terms as the President may determine. Assistance supplied with these funds is not subject to the 10-country limitation. The limitation does apply, however, to assistance which is essentially bilateral, even though it is furnished as part of U.S. participation in a consortium or similar group.

The Senate conferees hope that this provision, as well as other related provisions, will help make it clear that development assistance is an international responsibility and thus induce other nations to cooperate in this effort. They believe this provision will make it possible to provide this development assistance in an atmosphere which will not invite political repercussions directed at particular countries. Finally, they believe assistance of this kind can be administered by these institutions upon terms which will require recipients to accept conditions essential to the success of development programs.

Mr. President, there are a number of other compromises that were reached during the conference, but these are the major ones.

I might mention one other change which involved an amendment by the minority leader the Senator from Illinois [Mr. DIRKSEN] applicable to a situation in Iran which relates to a dispute between the Iranian Government and an American investor there.

Although the Senate receded from its new section 620(p) which prohibited assistance to any country which fails within 6 months to consent to arbitration of disputes involving claims by U.S. citizens, it did so only upon the understanding that the particular dispute in Iran is nearing settlement. The conferees noted that the termination of assistance is mandatory under the terms of the Hick-enlooper amendment—section 620(e)—when legal remedies have been exhausted. It is hoped that the dispute will not proceed to the point of disrupting the friendly relations of the United States and Iran.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Texas.

Mr. TOWER. Several Members on this side of the aisle have requested the yeas and nays, and I intend to suggest the absence of a quorum for that purpose.

Mr. BAYH. Mr. President, will the Senator yield to me so that I may develop a little colloquy with the Senator from Alabama [Mr. SPARKMAN] prior to asking for a quorum?

Mr. SPARKMAN. Mr. President, I yield to the Senator from Indiana.

Mr. BAYH. I thank the Senator from Alabama. I am well aware of the complexity of the task that the Senate con-

ferrees have embarked upon with all good conscience over the past several days.

I fully appreciate the effort made in support of the Senate amendments. However, I feel compelled to speak out, because of the position I have taken for 2 years in reference to one small aspect of this measure. I am referring in particular to the fact that one amendment which the Senate placed in the bill has been deleted for the second time in a row.

This amendment, which dealt with the procurement of steel products for Vietnam, was sponsored by myself and several other Senators.

As I stated at some length during the debate when this bill was before the Senate, the principle has been established in every place with the exception of Vietnam that merchandise procured for the foreign-aid program should have a 90-percent componentry ratio. In other words, 90 percent of the product should be acquired in the United States or in an undeveloped country.

For some reason which is yet unclear to me, a special exception has been made with respect to Vietnam. We went into some detail relative to the scandals which were disclosed in connection with this procurement practice. I think that AID has made a good faith effort to root out much of this scandalous procedure, but, in doing so, it has announced that it would follow an intricate pattern of procurement and inspection which will only add to the precedents which admittedly are almost impossible to follow.

Mr. President, I am concerned about the precedents which we are establishing by yielding to the House in this matter which thereby enables foreign aid dollars to be utilized to purchase steel products from other countries for the foreign aid program.

I believe that one of the most important aspects of the struggle in Vietnam is the pacification effort. It will do little good to win the military conflict unless we can also do a good job in providing a better way of life for the people who live in the towns, villages, and hamlets in Vietnam. Unless we get one hundred-percent return on the tax dollars spent on foreign aid in the pacification efforts made in Vietnam, we will lose the battle for the pacification of the villages and hamlets, despite a victory on the battlefield.

Therefore, I look with great concern at the fact that for the second year in a row we have yielded to the House in permitting AID to follow practices which I believe will only add to the burdens which are already straining them now, and that in the long run will hamper rather than help the situation in Vietnam.

Therefore, I must dissent from that portion of the agreement, although I know that many Senators made good faith efforts to retain it.

Mr. SPARKMAN. Let me say just this to the Senator from Indiana. He knows, of course, that I voted for his amendment and supported it. I supported it in conference. The Senate conferees also supported it. It was one

of the last issues to be settled. Of course, we know that sometimes we do have to give up things in which we strongly believe to prevent a whole conference report from being destroyed. I have a great deal of sympathy with what the Senator has just stated.

Mr. TOWER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. There are now a sufficient number of Senators in the Chamber, and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TOWER. I thank the Senator from Alabama for yielding to me.

Mr. BAYH. Will the Senator from Alabama yield further for an additional question?

Mr. SPARKMAN. I yield.

Mr. BAYH. I should like to point out that the Senator from Alabama knows—although we are dealing with a relatively small part of this multibillion-dollar package—that I have repeatedly stressed the precedents which will be set if we permit this one practice to be followed in the purchase of corrugated steel roofing by Japanese black plate competing with United States steel, because the next step will be to broaden it so that there will be competition in every other area. This is different from free enterprise competition. Right now, these producers are competing in increasing amounts with American steel in Chicago, in Mobile, Ala., and other cities in this country. What we are talking about in foreign aid are the tax dollars which are given gratis to help provide for the better living opportunities of the people in Vietnam, so that the very least we can do is see that the bulk of these products are made in the United States.

I know that the Senator from Alabama and his comrades in arms made good-faith efforts to try to keep this matter in the bill.

Mr. GRUENING. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. GRUENING. I wonder whether the Senator from Alabama could tell me how many amendments adopted by the Senate were retained in conference? My information is that there were very few.

Mr. SPARKMAN. We have not made a count. There were 98 points of difference between the two houses. The Senator will therefore realize that a great deal of these points were settled on a compromise, give-and-take basis. This conference ran for several weeks. At times, we thought we were not going to be able to get together at all. Finally, however, we did work it out on a give-and-take basis until we came up with the best we could get.

Mr. GRUENING. It has been my observation through the years I have been in the Senate that the Senate has consistently aimed to improve the foreign aid bill by including amendments which took out some of the fat, trying to get more efficiency, order, and sanity into the bill, and having the interest rates a little more to bring them in line with what the American people pay for the money which our Government spends abroad,

but that almost invariably these amendments go down the drain in conference. This is no criticism of the Senate conferees. But the House, apparently, accepts foreign aid unquestioningly—everything that is proposed by the AID administration or its predecessors must go into the bill.

The result is that we are almost where we were before. Although I have supported foreign aid bills in the past, I feel obliged to vote against this conference report. If I were wrong in saying that most of these improving Senate amendments were eliminated, I would be happy to stand corrected.

The distinguished Senator from Louisiana [Mr. ELLENDER] is now in the Chamber, and shares my views on many of these questions. Perhaps he could give us an answer. I know that compromise and getting together to work out happy half-way solutions are always looked into; but, actually, is it not a fact that we in the Senate actually lose out in conference year after year on these matters?

Mr. SPARKMAN. I wish the Senator from Alaska had been in the Chamber when I gave my statement in which I pointed out the principal compromises. I believe that some of those compromises do have things in them for which the Senator from Alaska has fought. For instance, this year, for the first time, a limitation on the number of countries was agreed to. The House objected strongly, but—

Mr. GRUENING. Can the Senator tell me what the limitation is?

Mr. SPARKMAN. It is 10 on development loans—40 on technical assistance. Thirteen was the number we finally agreed to on supporting assistance. After considerable argument, the House accepted the figures which the Senate asked on limitations, except for supporting assistance, and in that they insisted on increasing it. Finally, we agreed on 13—raising it from 10 to 13.

Mr. GRUENING. Were any of the cuts made in the Senate retained?

Mr. SPARKMAN. As I explained, what we did in substance was to split the difference between the Senate and House total figures. It is hard to put one's finger on any particular one and say, "This was maintained" or "This was not," but the result was almost exactly a division.

Mr. ELLENDER. If the Senator will yield, I understand the compromise resulted in providing more money than the President requested in his budget estimate. How did that come about?

Mr. SPARKMAN. The Senate had authorized \$2.850 billion.

Mr. ELLENDER. That is for both military and economic assistance.

Mr. SPARKMAN. Yes. The House had authorized \$4 billion.

Mr. ELLENDER. That was over and above the President's request.

Mr. SPARKMAN. I understand that was over and above. The figure finally arrived at was \$3.5 billion.

Mr. ELLENDER. What good will come from limiting the countries which will receive aid if more money is made

available than was appropriated last year?

Mr. SPARKMAN. It seems to me that is something for the Appropriations Committee to check.

Mr. ELLENDER. I am glad the Appropriations Committee will have the opportunity to scrutinize each item before making any funds available.

Mr. SPARKMAN. So am I.

Mr. ELLENDER. I am confident that the Appropriations Committee will want to pursue the policy it has followed during the past few years and not appropriate more money than the Senate has authorized. I am glad I am a ranking member of the Appropriations Committee.

Mr. SPARKMAN. So am I.

Mr. ELLENDER. Because I am interested in trimming this wasteful program to the bone. This is one area where economies can be effected and if I have my way the Senator may rest assured that they will be effected.

Mr. SPARKMAN. That is one thing which enabled us to arrive at a break, because we knew that the Appropriations Committee will have the final check.

Every Senator knows of the difficulties we have in conferences. This particular conference lasted for almost a month.

Mr. ELLENDER. Was the long conference due to the fact that the Senate refused to combine military and economic—

Mr. SPARKMAN. No. In the very first meeting—

Mr. ELLENDER. What was the chief objection?

Mr. SPARKMAN. The limitation of countries was one. The amount was another. I dealt with that in my statement. Population control was another. That may seem rather unimportant to some, but it is something in which the Senator from Alaska has taken great interest. It was one of the most difficult items we had to deal with.

Mr. ELLENDER. The Senator from Alaska stated a while ago that the House provided much more than the Senate. It has only been in the last 3 years that the House has appropriated more than the Senate. This has been the case only since Mr. MAHON became chairman of the full committee. Prior to fiscal year 1964 the House always appropriated less than the Senate. It is during the past few years the Senate Appropriations Committee has had to reduce the amount appropriated by the House, and I might add that the Senator from Louisiana has been in the forefront of the fight to bring this about.

Our burden in the Senate Appropriations Committee can be lightened this year, if the House appropriates no more than the Senate authorized for foreign assistance in fiscal year 1967. If this is done, it will mean that \$2,852,762,000 will be appropriated in total. Of this amount \$792 million will be for military aid and \$2,060,762,000 will be available for economic assistance. These are the sums that were authorized by the Senate just about 1 month ago, after 8 days of debate, and the Congress should not appropriate a nickel more. I hope that the House

Appropriations Committee accepts the challenge and does not recommend appropriations exceeding the Senate authorization. However, if it should, then I am sure as I have said before, that the Senate appropriations will act responsibly and not appropriate more funds than the Senate authorized only a month ago.

Mr. GRUENING. I am glad to hear that at least this body is doing a better job.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CLARK. In my judgment, the House and Senate conferees are to be congratulated for bringing before us a conference report which is better than the House bill, better than the Senate bill, and which will do a good deal more than either bill would do to implement the performance of our economic and moral obligations to the underdeveloped countries of the world.

I should like to mention a number of matters with respect to which the conference committee deserves special commendation.

In the first place, the compromise which gives a 3-year authorization for development loan fund projects and the Alliance for Progress is excellent. It is utterly impossible to plan adequately for these complex and difficult types of project loans unless those concerned can be sure there will be an authorization for more than 1 year, so that there can be appropriate negotiations with the grantee countries for relatively long range programs.

I regret the authorization was not for 5 years, but 3 is better than 1.

I am also pleased the Senate insisted on a 1-year authorization for military aid. I personally think the amount authorized should be cut further. I also believe a 1-year authorization is adequate for supporting assistance, which merely serves the purpose of maintaining the economies of countries we are persuading to spend more than they can afford for their military forces.

Therefore, I think the compromise which came out of the conference which split the difference between the two Houses is better than the provisions in either the House or the Senate version of the bill.

In this connection, I am also pleased that the food-for-peace program, which is a very important part of foreign aid, although not within the jurisdiction of the Foreign Relations Committee, was retained at 2 years. I would rather have it 3, but 2 is better than 1.

There is a great deal of flexibility in the foreign aid bill where flexibility is needed. The amount of \$2,625,735,500 for economic aid is well above what the President requested and what the Senate granted. My colleagues will remember that I have long been of the view that our aid in the economic field is inadequate. I am glad to see that, while the figure came down substantially, nevertheless our colleagues were convinced that they should provide economic assistance substantially in excess of what the President asked for.

Third, I am pleased that the military aid program was cut back at least somewhat, from \$917 million to a compromise figure of \$817 million. I would like to see military aid cut further. Nevertheless, the principle has been established. The amendment relating to reduction of military assistance was proposed by the distinguished Senator from Idaho [Mr. CHURCH].

I see present on the floor the Senator from Tennessee [Mr. GORE]. I congratulate the conference for having knocked out the increased interest rates, because it would be a rather quixotic course to increase interest rates for someone who cannot afford to pay them—

Mr. GRUENING and Mr. GORE addressed the Chair.

Mr. CLARK. Let me complete my statement first, and then I shall yield.

I am particularly grateful for the Senate provision requiring 10 percent of economic aid to be channeled through international institutions such as the World Bank, the International Development Association, and the International Finance Association. This was done under the leadership of the Senator from Arkansas [Mr. FULBRIGHT]. It is a breakthrough which I hope will result in increased aid going through multilateral organizations.

The Senator from Arkansas [Mr. FULBRIGHT] in his remarks reiterated the comment that one never sees written on the walls of buildings in recipient countries "World Bank go home," or "International Development Association go home." But "Yankee go home" is often written on the walls of buildings in countries where the people should be, but are not, grateful to the American people.

Therefore, I am delighted with this 10-percent mandatory multilateral programs which must go through international organizations.

I find the limitation on the number of countries that may receive aid—10 on the Development Loan Fund, 40 on technical assistance, 13 on supporting assistance—far too restrictive. To my mind it will prevent a number of countries which are entitled to some assistance from this country from receiving it.

It does not make much difference to me whether a starving individual lives in the Congo or in Algeria, or in, let us say, Peru. They are equally entitled to our support, and on a basis with respect to which I believe the administration should have the right to make the determination.

In other words, I think this program should be flexible. However, the limitation is within the range which the administration said it could accept. They can live with it. So this is not particularly important.

I do hope that the expectations of my able friend the senior Senator from Louisiana will not be gratified, and that the Appropriations Committees will not cut back on the authorization provided in this splendid conference report. I congratulate the Senator from Alabama and his colleagues on the committee for a fine job well done; and I now yield to my good friend, the Senator from Tennessee.

Mr. GORE. The Senator has referred to the interest rate provisions in the conference report, which leaves interest rates on development loans at 2½ percent.

Mr. CLARK. After the first 10 years.

Mr. GORE. After the first 10 years; there being during the first 10 years a grace period at a lesser rate.

The Senator refers to these loans as being made to paupers. As a matter of fact, if the Senator will review the RECORD or recall the speeches that I have made, he will be reminded that many of these loans have been made to subsidiaries of the largest U.S. corporations—one, even, to one of our largest New York banks, to establish a foreign subsidiary.

Mr. CLARK. If the Senator will yield briefly—

Mr. GORE. Will the Senator permit me to proceed?

Mr. CLARK. Yes.

Mr. GORE. Meanwhile, that same New York bank is raising its prime rate and all of its rates to borrowers in the United States.

The Senator, I am sure, is well aware that the senior Senator from Tennessee has spoken more often this year than any other Member of either branch of Congress in opposition to the spiraling of interest rates in the United States.

Mr. CLARK. And has had the support of the Senator from Pennsylvania every time he has done it.

Mr. GORE. I thank the Senator for that support. I say this to illustrate that I am not a high-interest-rate man.

But the American taxpayer is having to pay ever highest rates of interest on the national debt. With every dollar we borrow—and we must borrow all that is going into the development loan program—this is costing the American taxpayer more and more. I have sought to limit the extent of the subsidy, particularly when it goes to loans to our own profitable corporations.

I regret that the conference committee—of which I was a member—did not agree on the higher rate, because it would have limited the subsidy in the development loans. And incidentally, since the Senator has referred to the World Bank, I should like to remind him that I just read in a news dispatch that the World Bank had increased its interest rate on loans from 5.5 to 6 percent, for loans going to other countries. So, at least, the conference committee is not staying in style. The custom and style today is to go up on interest rates. I regret that. I only sought to keep the rate on development loans from providing as large a subsidy as the conference committee has recommended.

Mr. CLARK. The Senator has very ably stated his case with respect to interest rates. I honor him for his judgment. He has made the point with great ability before the Foreign Relations Committee and on the floor of the Senate. I regret to have to disagree with him. This is one of the very few matters on which the Senator from Tennessee and I find ourselves in disagreement.

I point out to him, however, that technically these loans are not made to Amer-

ican firms; they are made to countries, to governments, which, in turn, make loans to firms. As far as the administration of the aid program is concerned, we do not make loans to American firms at low interest rates; we make them to governments and peoples in poverty-stricken areas of the world.

Mr. GORE. Will the Senator yield?

Mr. CLARK. I yield.

Mr. GORE. I think the Senator is very much in error in that view. The loan, in fact, is made to the private interest. It is repaid, however, by the government in which that private interest is domiciled. The private interest repays the loan, not to the U.S. Government, but to the government in which it is domiciled. It is, as I have said, however, from the government of the beneficiary country that the United States receives payment, if it does. Incidentally, the private interest that is the beneficiary of the loan in the first place, under the practice and the plan, repays the loan to the foreign government at a much faster rate than the foreign government is required to repay to the U.S. Government. This is an interesting plan.

Mr. CLARK. I think perhaps we can conclude on the note that I would be happy to let the Senator from Tennessee have the last word. But perhaps this is the price we pay for encouraging private interests to invest in foreign countries.

I yield to the Senator from Alaska.

Mr. GRUENING. Did I understand the Senator from Pennsylvania to indicate that he thought these foreign countries could not afford to pay any higher interest rates than they have been paying?

Mr. CLARK. I did indeed.

Mr. GRUENING. Does he imply by that that they do not expect to repay the loans when they become due?

Mr. CLARK. No. Of course, many of them have to be repaid in soft currencies, because they have no foreign exchange. Such payments are made through the International Development Corporation, the soft loan subsidiary of the World Bank. The economies of these countries are, to a large extent, on the rocks. They cannot afford to pay this money. As to my point of view, I think we should still be making grants and not loans.

Mr. GRUENING. That would be more honest, because actually these so-called loans, in my judgment, are not loans at all; but constitute a sort of deception of the American public, to make it think they are loans, and give the recipient countries the opportunity to say that they are loans, when actually the type of loan we have made for many years, at three-quarters of 1 percent for the first 10 years and no repayment during that period on principal, is a misleading if not a fraud on the American public.

Mr. CLARK. I do not think they are a deception and fraud. I think they are a pretty foolish type of financing. I do not think that in any sound business that type of loan would be made. That is why I say it would be much better to make them grants.

Mr. GRUENING. I agree with the views just expressed by the Senator from Tennessee. I think this double standard

by which we make so-called loans at negligible interest rates all over the world, while we are increasingly charging our own people a higher interest rate, so that development of our own country in housing and other necessities is slowed down or brought to a standstill, is deplorable.

I have, I fear, a very narrow, old-fashioned view—which I know the Senator from Pennsylvania does not share—that we should give our own people at least equality of treatment with what we give the people of other countries. I realize that is a very obsolete, reactionary idea, which is not widely entertained, and is certainly not entertained by the Senator from Pennsylvania.

Mr. CLARK. I thank my friend from Alaska. I think his point of view is very widely entertained. In fact, I suspect that the point of view of the Senator from Alaska represents the thinking of the majority of the people of this country.

My point is only, How much compassion do we have, How much obligation do we have? Are not the people of Alaska and the people of Pennsylvania able to afford this relatively modest investment, in terms of our gross national product?

Mr. GRUENING. If the majority is of that view, if as the Senator says, it is widely entertained, then apparently the Senator is willing to admit that the Senate is not responsive to the will of the people of the United States.

Mr. CLARK. Yes. I follow Edmund Burke's dictum.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. GORE. On the floor of the Senate, some days ago, I cited as an example of unreasonable high interest rates the fact that the city of Nashville, Tenn., had sold tax-exempt bonds at 5.5 percent interest. I should like to report that the people of Nashville have thought better of that, and in their wisdom decided not to issue those debentures at such high interest rates.

They took the view, instead, that they would defer needed community facilities in the hope that Congress or the President or some force in the Government of the United States would take action to reduce the exorbitant level of interest rates.

I cite this for one thing to complete the RECORD and, for another thing, to illustrate the great damage that is being done by the high interest rate structure from which we are now suffering. Not only is Nashville, Tenn., deferring needed community facilities, but thousands of communities all over the United States are likewise being required to defer the construction of facilities needed for health, education, and community welfare.

I do not wish to use the pending conference report as a springboard to make another interest rate speech. In fact, I decided to defer making speeches on the subject until the President had a few days in which to make a recommendation. However, I did want to complete the RECORD with respect to the bond issue of Nashville, Tenn.

I compliment the officials and the people of Nashville, Tenn., upon this exercise of good judgment. I believe that we will be able to bring the interest rates down, and that in the coming months they will be able to sell tax-exempt bonds for 4 percent instead of 5.5 percent.

Mr. CLARK. Mr. President, I share completely the views just expressed by the Senator from Tennessee. I would say that we must bring the interest rates down by putting the full force of Congress behind the proposals advanced by the Senator from Tennessee.

The Senator has referred to Johnson interest rates being higher than Hoover interest rates. I prefer to put the blame in this area on my good and personal friend, William McChesney Martin, former president of the New York Stock Exchange, for what I consider to be an outmoded and obsolete economic theory which fails to take into account that we have a managed money market and that the needs of our people require increased credit and lower interest rates.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. SPARKMAN. Mr. President, I yield.

Mr. DOMINICK. Mr. President, could the Senator from Alabama tell me what the President recommended by way of economic assistance?

Mr. SPARKMAN. There has been some confusion as to the request of the President, because he submitted one figure for appropriations and another for authorizations. He asked for a greater authorization and a more limited appropriation.

Mr. DOMINICK. Can the Senator give me both figures?

Mr. SPARKMAN. The figure of the President for appropriations was \$2,468,962,000.

Mr. DOMINICK. That is about \$157 million less than the conference report approved?

Mr. SPARKMAN. The Senator is correct.

Mr. DOMINICK. Once again it seems to me that we are faced in Congress with the President of the United States saying that Congress is appropriating, or authorizing at least, the expenditure of more money than he had called for in his budget.

I wonder if this was taken into consideration in the conference.

Mr. SPARKMAN. The Senate conferees talked about this problem numerous times in the conference. The Senator has sat on many conferences, I am sure, and he knows the necessity of making the best trade possible in a conference.

We feel that we did that and reduced the House figure by about \$600 million.

Mr. DOMINICK. In looking at the figures on page 19 of the report, I see that the House reduced the amount in its bill by \$566,383,500, and the Senate increased the amount in its bill by \$564,973,500. There is a difference of about \$1,500,000 in the two amounts. However, the net effect, no matter how we look at it, is that we are authorizing \$157 million more than the President asked for.

Mr. SPARKMAN. The Senator means more money than the President asked to have appropriated for the next fiscal year.

The Senator knows that we often authorize a larger amount than we appropriate. If the Senator was present a few moments ago, he heard the remarks of the Senator from Louisiana to the effect that the Appropriations Committee saw to it that the amount was trimmed. That is a function that they exercise pretty well every year.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Mr. President, does not the bill, as it came from conference, authorize approximately \$648 million more than the amount contained in the Senate bill?

Mr. SPARKMAN. The Senator refers to the whole bill.

Mr. TOWER. It is that much more than the total amount authorized in the Senate.

Mr. SPARKMAN. The Senator is correct, and it is approximately that much less than the House authorized. We must keep in mind that we can very seldom hold the exact amount that we voted for in one House or the other.

A conference is based on compromise. I said in my statement that we virtually split the difference between the two overall figures.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOMINICK. Mr. President, the Senator will recall, I am sure, that we had proposals to increase the length of time during which development loans and other economic assistance loans would be authorized. We tried 2 years and then 3 years.

On each occasion the Senate rejected the increase by a substantial margin. The conference now comes back and asks us to accept this, although the Senate originally rejected it.

Mr. SPARKMAN. The Senator is correct. However, may I call the attention of the Senator to the fact that the House of Representatives had its conferees present. They pointed out that they voted strongly in favor of 5 years. We arrived at the best compromise we could.

Mr. DOMINICK. I have some trouble in finding a compromise when we originally rejected the very thing that the conferees bring back and ask us to accept.

With all due deference to the Senator from Alabama, who I know has worked very hard on the pending report, I have supported foreign aid ever since I have been in Congress. I am not going to support the conference report.

What happened to my interest rate amendment which would have increased from 1 to 2 percent the Development Loan Fund over the first 10 years? That amendment would only have made the interest rates during the grace period equal to the cheapest rate that an American citizen can get money for anywhere.

Mr. SPARKMAN. The House conferees were adamant on that point.

We were in conference for weeks in an

effort to hammer out a compromise. We finally came forth with a package proposal. Both sides worked on the problem. We lost on some things and we gained on others. It was give and take, but we did the best we could.

Mr. DOMINICK. I wonder if the Senator could tell me what the Senate gained. What did we gain in the process of the conference over the bill as passed by the Senate?

Mr. SPARKMAN. I answered that question for the Senator from Alaska [Mr. GRUENING] a little earlier.

Mr. DOMINICK. I am sorry. I could not hear the Senator at that time.

Mr. SPARKMAN. I mentioned one example that I think is outstanding. We have tried at different times to place a limitation on the number of countries we will help. In other words, our argument has been that the AID program ought to be reduced each year; it should be cutting itself down. The Committee on Foreign Relations voted, and the Senate accepted, a limitation of 10 countries for development loans, 40 countries for technical cooperation, 40 countries for military assistance, and 10 countries for supporting assistance. That is what the bill passed by the Senate provided. The House bill contained no limitations whatsoever. In conference, the Senate sustained all of those limitations with the exception of the one for supporting assistance, in which the number of countries was increased from 10 to 13.

Mr. DOMINICK. Perhaps I did not phrase my question in the right way. I had understood the Senator from Alabama to say that he came back from conference with a better bill than the bill the Senate passed.

Mr. SPARKMAN. No, I did not say that; the Senator from Pennsylvania [Mr. CLARK] said that. No; I do not subscribe to that view at all. We fought for many things during the weeks we were discussing the bill. Many items ought to be in the bill, but we were not successful in obtaining them.

Mr. DOMINICK. Would the Senator from Alabama agree with me that the conference bill, as it comes to us, is not so good a bill as the one which left the Senate? I supported the bill as passed by the Senate.

Mr. SPARKMAN. That is my opinion. I was for the Senate bill, and I worked for it in conference. Actually, that is almost always true. It is a rare occasion when a bill that comes back from conference pleases all of us. If there are great differences between the two Houses, we will not get a conference agreement that is satisfactory to all of us, because there is a give-and-take proposition between the two Houses.

Mr. DOMINICK. Will the Senator indulge me while I make a few comments at this point?

Mr. SPARKMAN. Surely.

Mr. DOMINICK. It is almost impossible for me to swallow this conference report. I was on the floor of the Senate a few days ago when the distinguished Senator from Florida [Mr. SMATHERS] rose and suggested that standby wage and price control authority should be given to the President in order to control

the inflation that is taking place throughout the country.

Time and again we have heard speeches in the Senate, recommending that we cut back on governmental expenditures and put them in consonance with the revenues that the coming in, to attempt to at least balance the budget to some degree. Time and again we have heard speeches on high interest rates charged to American citizens and the problems created by these high rates.

As a matter of fact, an ex-President of the United States, Mr. Truman, just the other day criticized the high interest rates and our general economic problems.

Yet, we are going to give money away in a so-called development fund, without even applying a minimum interest rate equal to the lowest rate that any American citizen can get from this Government on a program of any kind.

We are also increasing the budget, and thereby increasing the inflationary attitude of governmental spending, and we are doing it in an amount above that which the President of the United States has requested.

The conference report is in violation of several votes taken on specific issues, and I could not support a conference report of this kind. I apologize to the Senator, because I know how hard he has worked on this matter.

I cannot believe that if these matters were brought back and presented to the other body, where the Members could debate and discuss the points that we have made, the other body would turn down the points that the Senate has made, except perhaps on the basis of pride of its own authorship. This is the only reason I can see for the other body acting in any other way, particularly in view of the inflationary cycle existing at the present time.

Mr. SPARKMAN. Mr. President, I move the adoption of the conference report.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE AID PROGRAM NEEDS DRASTIC REFORMS

Mr. GRUENING. Mr. President, it is with some regret that I find myself unable to support the conference report on the Foreign Assistance Act of 1966. I had voted for the economic assistance part of the legislation after a number of amendments had been agreed to on the floor of the Senate. These amendments markedly strengthened the bill. I had hoped that these amendments would be accepted by the House conferees. In large part these hopes have not been realized. The bill as agreed to in conference eliminates or vitiates many of the provisions agreed to by the Senate and thereby defeats our efforts to make the foreign aid program a tighter, better managed operation.

For some years now the Committee on Foreign Relations has expressed its dissatisfaction with the foreign aid pro-

gram submitted by the administration. Indeed there has been a growing sense of frustration as evidenced by the following statement of the chairman:

Despite a number of fine pronouncements concerning the application of new criteria in the granting of foreign economic assistance, the legislative proposals submitted by the administration this year fell short, in many respects, of what the committee deemed desirable. Therefore, the Foreign Relations Committee has itself undertaken the task of writing these revisions into law. They are generally consistent with what the Senate has approved in the past, and they are consistent with the discharge of the Congress' responsibility for establishing the terms of the program which the executive branch is to administer.

A principal effort of the committee which was endorsed by the Senate was to limit the total number of countries which could receive economic assistance. Over the years the diffuse nature of the aid program which is spread thinly among many countries with little real impact in most countries has been a major focus of criticism, not the least by the Senate Foreign Relations Committee itself. The attempt to rectify this situation involved limiting development loans and supporting assistance to 10 countries and technical cooperation and development grants to 40 countries.

However, this amendment was gutted by the conferees when it was revised to permit the President to provide assistance to any additional country 30 days after submitting to the Committee on Foreign Relations and the Speaker of the House a report stating that assistance to such country is in the national interest.

In practice this will mean no limit at all. Every time the Congress has provided the administration with an out it has not been used. The requirement that a "national interest" determination be made has been proved by past experience to be no hindrance whatsoever to extending economic assistance to such countries as the United Arab Republic and Indonesia.

An amendment limiting the number of countries but giving the administration complete flexibility to exceed the limit is a meaningless amendment. It can have no other purpose than preserving the fiction that the Congress controls the foreign aid program. I cannot go along with this fiction nor can I understand how the Senate conferees could agree to this revision.

I shall not enumerate all of the provisions adopted by the Senate which led me to vote in favor of the economic aid bill, and which should be enacted into law if better management of the aid program is to be obtained. Of the six amendments I introduced which were passed in the Senate, only the one not in conference relating to aid to the United Arab Republic remained. Nor did the conference report contain even the faintest indication of why the other five amendments were dropped.

These were not "money" amendments; they did not affect in the least the amount of funds authorized by the bill but represented an effort to tighten program management. They would have required the AID Administrator to program supporting assistance funds in a

way as to assist in the recipient countries' economic development programs rather than providing generalized budget support; they would have required a maximum effort to obtain multilateral rather than unilateral financing for the construction of NATO facilities; they would have required credit sales of defense articles to carry a fair rate of interest; they would have given State agencies the same opportunity to purchase defense stocks as foreign countries; they would have required U.S. representatives on international organizations using U.S. funds to vote in a way consistent with the requirements of the foreign aid legislation.

I cannot see any purpose in going on year after year expressing dissatisfaction in the way the foreign aid program is being administered but continuing to vote for it. If the administration will not adopt the necessary reforms and the House will not go along with essential legislative revisions why must the Senate agree to an almost unconditional surrender each session?

For one I cannot agree to abrogate the responsibility I have to vote against a bill which is fundamentally unsatisfactory. Given the efforts so many Senators have made, without any success, to improve the foreign aid program through legislative revision, we should have no fear of being accused of scuttling the aid program. Defeat of the Foreign Assistance Act as reported out of conference will place the blame where it belongs—with those who refuse to recognize the need for basic improvement in the program.

Mr. KUCHEL. Mr. President, the distinguished Senator from New York [Mr. JAVITS] is necessarily absent in his home State.

He has carefully prepared a statement of his position on the deletion of the anti-junta amendment.

I ask unanimous consent that his full statement may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JAVITS

SENATOR JAVITS SAYS LOSS TO "ANTI-JUNTA" AMENDMENT IS "GRAVE SETBACK TO DEMOCRATIC CAUSE IN HEMISPHERE"

The Conference Committee on the Foreign Aid bill has eliminated a crucial amendment which would have cut off all U.S. aid to Latin American governments which came into power by unconstitutional overthrow of a freely-elected, constitutional, democratic government acting in accordance with its constitutional mandate. This amendment was approved by the Senate without opposition after an effort to strengthen it even further was defeated by a roll call vote.

Elimination of the so-called "anti-junta" amendment represents a grave setback to the democratic cause in the Hemisphere and to the lofty objectives of the Alliance for Progress. Its elimination will regrettably be interpreted in the Hemisphere as a clear admission that U.S. foreign policy is based on a double standard—one directed towards communist regimes and another toward military regimes. We should have avoided such interpretations of U.S. foreign policy. The opportunity was provided by this amendment, and the opportunity was lost in conference.

In addition, the action of the conference committee further confuses the world as to the objectives of U.S. foreign policy. The committee's action came just five days after the President declared in Denver: "In the Latin American countries we are on the side of those who want constitutional governments. We are not on the side of those who say that dictatorships are necessary for efficient economic development or as a bulwark against communism."

It was my view when I proposed this amendment—and it is my view now—that the objectives of the Alliance for Progress and the OAS Charter are entirely incompatible with U.S. aid to such regimes that came under this amendment and continuation of U.S. aid to such regimes is so damaging to our policy in Latin America as to require the utmost justification on the highest level.

The problem of dealing with the illegal overthrow of constitutional, democratic governments is the number one problem facing the Hemisphere today. It simply cannot be ignored any longer. This amendment represented an effort to bring the question into the realm of collective Hemispheric action. The governments of the Hemisphere already took a first—though hesitating—step toward dealing with recognition of de facto regimes at the Second Special Inter American Conference last November. Approval of the amendment would have encouraged further steps.

This anti-junta amendment was, of course, primarily a procedure through which the will of Congress could be expressed. The President remained the final arbiter. The President can still carry out the policy of this amendment to deny economic aid to military regimes taking over constitutional governments, restoring such aid as the result of collective action in the Hemisphere, or if not, only in cases having unusual justification in the national interest of the United States.

I am unaware of the reasons why this amendment was dropped in conference, but I hope the Administration, especially in view of the President's statement in Denver, will honor the policy. If it does not, it will be a grave blow to our promising efforts to restore our close relationship with Latin America, a relationship cruelly jarred by the Dominican incident.

THE PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama for adoption of the conference report.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. RUSSELL of South Carolina (after having voted in the negative). On this vote I have a pair with the senior Senator from Vermont [Mr. AIKEN]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. BIBLE], the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Minnesota [Mr. MONDALE], the Senator from Utah [Mr. MOSS], the Senator from Maine

[Mr. MUSKIE], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Florida [Mr. SMATHERS], are necessarily absent.

I also announce that the Senator from West Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Indiana [Mr. HARTKE], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. METCALF], the Senator from New Mexico [Mr. MONTOYA], the Senator from Maryland [Mr. TYDINGS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Oklahoma [Mr. HARRIS], the Senator from Florida [Mr. HOLLAND], the Senator from New York [Mr. KENNEDY], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Minnesota [Mr. MONDALE], the Senator from New Mexico [Mr. MONTOYA], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], and the Senator from Connecticut [Mr. RIBICOFF] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from California [Mr. MURPHY] is absent because of illness.

The Senators from Vermont [Mr. AIKEN and Mr. PROUTY], the Senator from Colorado [Mr. ALLOTT], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. COOPER], the Senator from New Hampshire [Mr. COTTON], the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. JAVITS], the Senator from Idaho [Mr. JORDAN], the Senator from South Dakota [Mr. MUNDT], the Senator from Kansas [Mr. PEARSON], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

The Senator from Wyoming [Mr. SIMPSON] is detained on official business.

If present and voting, the Senator from Kentucky [Mr. COOPER] would vote "yea."

The pair of the Senator from Vermont [Mr. AIKEN] has been previously announced.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Nebraska [Mr. CURTIS].

If present and voting, the Senator from Colorado would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Idaho [Mr. JORDAN].

If present and voting, the Senator from New Jersey would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from California [Mr. MURPHY].

If present and voting, the Senator from Hawaii would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from New

York [Mr. JAVITS] is paired with the Senator from Wyoming [Mr. SIMPSON].

If present and voting, the Senator from New York would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from North Dakota [Mr. YOUNG].

If present and voting, the Senator from Kansas would vote "yea," and the Senator from North Dakota would vote "nay."

The result was announced—yeas 33, nays 25, as follows:

[No. 246 Leg.]

YEAS—33

Anderson	Jackson	Neuberger
Boggs	Kennedy, Mass.	Pastore
Brewster	Kuchel	Pell
Carlson	Long, Mo.	Proxmire
Clark	Long, La.	Randolph
Gore	Mansfield	Saltonstall
Griffin	McCarthy	Scott
Hart	McGee	Smith
Hickenlooper	McGovern	Sparkman
Hill	Monroney	Williams, N.J.
Inouye	Nelson	Yarborough

NAYS—25

Bayh	Fannin	Russell, Ga.
Bennett	Gruening	Stennis
Burdick	Hruska	Symington
Byrd, Va.	Jordan, N.C.	Talmadge
Dirksen	McClellan	Thurmond
Dominick	Miller	Tower
Eastland	Morse	Williams, Del.
Ellender	Morton	
Ervin	Robertson	

NOT VOTING—42

Aiken	Fong	Montoya
Allott	Fulbright	Moss
Bartlett	Harris	Mundt
Bass	Hartke	Murphy
Bible	Hayden	Muskie
Byrd, W. Va.	Holland	Pearson
Cannon	Javits	Prouty
Case	Jordan, Idaho	Ribicoff
Church	Kennedy, N.Y.	Russell, S.C.
Cooper	Lausche	Simpson
Cotton	Magnuson	Smathers
Curtis	McIntyre	Tydings
Dodd	Metcalf	Young, N. Dak.
Douglas	Mondale	Young, Ohio

So the conference report was agreed to.

CIVIL RIGHTS ACT OF 1966

THE PRESIDING OFFICER. The question now recurs on the motion to agree to proceed to the consideration of H.R. 14765.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

THE PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 247 Leg.]

Anderson	Hruska	Robertson
Bennett	Inouye	Russell, S.C.
Boggs	Jackson	Saltonstall
Brewster	Kuchel	Scott
Burdick	Long, Mo.	Smith
Byrd, Va.	Mansfield	Sparkman
Clark	McCarthy	Symington
Dirksen	McGee	Thurmond
Fannin	McGovern	Tower
Gore	Miller	Williams, N.J.
Griffin	Monroney	Yarborough
Gruening	Pastore	
Hart	Proxmire	

THE PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.



Public Law 89-583
89th Congress, H. R. 15750
September 19, 1966

An Act

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1966".

Foreign Assist-
ance Act of 1966.

PART I

CHAPTER 1—POLICY

80 STAT. 795

80 STAT. 796

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

75 Stat. 424;

79 Stat. 653.

22 USC 2151.

(a) In the last paragraph, immediately before the period at the end thereof, insert the following: "and to provide adequate compensation for such damage or destruction".

(b) At the end of section 102 add the following new paragraph:

"The furnishing of economic, military, or other assistance under this Act shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Section 201(b), which relates to general authority to make loans from the Development Loan Fund, is amended as follows:

75 Stat. 426;

77 Stat. 380.

22 USC 2161.

(1) In the second sentence, strike out the word "and" at the end of clause (5) and strike out the period at the end of the sentence and insert a comma and the following: "(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, (8) the degree to which the recipient country is taking steps to improve its climate for private investment, and (9) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth."

(2) At the end thereof add the following new sentence: "Funds made available under this title, except funds made available pursuant to section 205, shall not be used to make loans in more than ten countries in any fiscal year, except that such loans may be made in any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the making of loans in such additional country during such fiscal year is in the national interest and giving his reasons therefor."

Post, p. 797.

Report to
Congress.

(b) Section 202(a), which relates to authorization for the Development Loan Fund, is amended as follows:

22 USC 2162.

(1) Strike out "\$1,200,000,000" and all that follows down through "succeeding fiscal years" and insert in lieu thereof "\$685,000,000 for the fiscal year 1967 and \$750,000,000 for each of the fiscal years 1968 and 1969".

(2) In the second proviso, strike out "June 30, 1965, and June 30, 1966" and insert in lieu thereof "June 30, 1967, through June 30, 1969".

(c) Amend section 205, which relates to use of international lending organizations, to read as follows:

"SEC. 205. In order to serve the purposes of this title and the policy contained in section 619, 10 per centum of the funds made available for this title shall be available only for transfer, on such terms and conditions as the President determines, to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Section 211, which relates to general authority, is amended as follows:

(1) In the second sentence of subsection (a) strike out "and" at the end of clause (5) and strike out the period at the end of the sentence and insert a comma and the following: "(7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (8) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth."

(2) At the end of subsection (a), add the following new sentence: "The authority of this title shall not be used to furnish assistance to more than forty countries in any fiscal year, except that such assistance may be furnished to any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the furnishing of assistance to such additional country during such fiscal year is in the national interest and giving his reasons therefor."

(3) At the end of section 211, add the following new subsections:

"(d) Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.

"(e) In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously deficient, a high priority shall be given to efforts to increase agricultural production, particularly the establishment or expansion of adaptive research programs designed to increase acre-yields of the major food crops. Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions."

(b) Section 212, which relates to authorization, is amended by striking out "1966" and inserting in lieu thereof "1967".

79 Stat. 653.
22 USC 2165.

75 Stat. 444.
22 USC 2369.

75 Stat. 427.
22 USC 2171.

Report to
Congress.

22 USC 2172;
22 USC 2212.

79 Stat. 654.

(c) Section 214, which relates to American schools and hospitals abroad, is amended as follows: 22 USC 2174.

(1) In subsection (b), strike out "to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research" and insert in lieu thereof "to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens". 75 Stat. 428.

(2) Subsection (c), which relates to authorization, is amended by striking out "1966, \$7,000,000" and inserting in lieu thereof "1967, \$10,989,000". 79 Stat. 654.

(3) At the end of such section add the following new subsection:

"(d) There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Section 221(b), which relates to general authority for investment guaranties, is amended as follows: 22 USC 2181.

(1) In paragraph (1), strike out "\$5,000,000,000" and insert in lieu thereof "\$7,000,000,000".

(2) In the third proviso of paragraph (2), strike out "\$300,000,000" and "\$175,000,000" and insert in lieu thereof "\$375,000,000" and "\$215,000,000", respectively, and strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development".

(3) In the fourth proviso of paragraph (2), strike out "1967" and insert in lieu thereof "1969".

(b) Section 222, which relates to general provisions, is amended by adding at the end thereof the following new subsection: 22 USC 2182.

"(h) In the case of any loan investment for housing guaranteed under section 221(b)(2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department."

(c) Section 224, which relates to housing projects in Latin American countries, is amended as follows: 22 USC 2184.

(1) In subsection (b)(1), strike out "Federal Housing Administration" and insert in lieu thereof "Department of Housing and Urban Development". 75 Stat. 432.

(2) In subsection (c), strike out "\$400,000,000" and insert in lieu thereof "\$450,000,000: *Provided*, That \$300,000,000 be used for the purposes of section 224(b)(1)". 79 Stat. 655.

(3) In the last proviso of subsection (c), strike out "1967" and insert in lieu thereof "1969".

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Section 251, which relates to general authority, is amended as follows:

(1) In the second sentence of subsection (b), strike out “and” at the end of clause (3) and strike out the period at the end of the sentence and insert a semicolon and the following: “(5) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; (6) the degree to which the recipient country is taking steps to improve its climate for private investment; (7) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and (8) the extent to which the activity to be financed will contribute to the economic or political integration of Latin America.”

(2) At the end of such section add the following new subsection:

“(h) Loans may be made under authority of this title only for social and economic development projects and programs which are consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its annual review of national development activities. Whenever the President determines that the purposes of this title would be better served thereby, he may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the Inter-American Development Bank, or to any of the institutions named in section 205, for use pursuant to the laws governing United States participation in the said Bank or in such institutions and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.”

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out “use beginning” the first place it appears and all that follows down through “year 1966” and insert in lieu thereof “the fiscal year 1967, \$696,500,000, and for each of the fiscal years 1968 and 1969, \$750,000,000, which amounts are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each such fiscal year”.

(2) In the second sentence, strike out “1964 through 1966” and insert in lieu thereof “1968 and 1969”.

(3) In the last sentence, strike out “June 30, 1965 and June 30, 1966” and insert in lieu thereof “June 30, 1967, through June 30, 1969”.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof the following new titles:

“TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS

“SEC. 271. GENERAL PROVISIONS.—The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be

76 Stat. 257;
77 Stat. 382.
22 USC 2211.

Ante, p. 797.

22 USC 2212.

22 USC 2161-
2216.

served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.

"SEC. 272. SPECIAL PROVISIONS.—In providing assistance to further the purposes of this title the President shall take into account:

"(1) initiatives in the field of social and economic development by Asian peoples and institutions;

"(2) regional economic cooperation and integration in southeast Asia;

"(3) the extent of participation by other potential donor countries;

"(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

"(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

"SEC. 273. AUTHORIZATION.—The President is authorized to utilize not to exceed \$10,000,000 of the funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

"TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT

"SEC. 281. In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 107. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Section 301(a), which relates to general authority, is amended by inserting immediately after "by such organizations" the following: "and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201(d)."

75 Stat. 433.
22 USC 2221.

(b) Section 301(b), which relates to general authority, is amended by striking out "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund" and inserting in lieu thereof "United Nations Development Program" and by adding at the end thereof the following new sentence: "The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime."

22 USC 2161.
Economic or technical assistance to Cuba, restriction.

(c) Section 301(c), which relates to assistance for Palestine refugees in the Near East, is amended by striking out the last sentence and inserting in lieu thereof the following: "Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible

79 Stat. 656.

measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army."

75 Stat. 433;
79 Stat. 656.
22 USC 2222.

(d) Section 302, which relates to authorization, is amended to read as follows:

"SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1967 not to exceed \$140,433,000.

"(b) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967. Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

"(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower."

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Chapter 4 of part I of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended as follows:

75 Stat. 434.
22 USC 2241.

(a) Section 401, which relates to general authority, is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That not more than thirteen countries may receive assistance under the authority of this chapter in any fiscal year, unless the President determines that it is in the national interest of the United States to furnish such assistance to an additional country or countries. Any such determination, together with the reasons therefor, shall be reported to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives."

Report to
Congress.

Ante, p. 74.

(b) Section 402, which relates to authorization, is amended to read as follows:

"SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1967 not to exceed \$715,000,000: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements shall be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval. Amounts appropriated under this section are authorized to remain available until expended."

CHAPTER 5—CONTINGENCY FUND

Ante, p. 74.

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to contingency fund, is amended as follows:

(a) Subsection (a) is amended as follows:

(1) Strike out "1966" and "\$150,000,000" in the first sentence and insert in lieu thereof "1967" and "\$110,000,000", respectively.

(2) Strike out the second and third sentences.

(b) Subsection (b) is amended by striking out "the first sentence of".

CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

SEC. 110. Part I of the Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof a new chapter as follows:

75 Stat. 424.
22 USC 2151-
2271.

“CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT

“SEC. 471. JOINT COMMISSIONS ON RURAL DEVELOPMENT.—(a) The President is authorized to conclude agreements with less developed countries providing for the establishment in such countries of Joint Commissions on Rural Development each of which shall be composed of one or more citizens of the United States appointed by the President and one or more citizens of the country in which the Commission is established. A majority of the members of each such Commission shall be citizens of the country in which it is established. Each such agreement shall provide for the selection of the members who are citizens of the country in which the Commission is established who wherever feasible shall be selected in such manner and for such terms of office as will insure to the maximum extent possible their tenure and continuity in office.

“(b) A commission established pursuant to an agreement authorized by this section shall be authorized to formulate and carry out programs for development of rural areas in the country in which it is established, which may include such research, training and other activities as may be necessary or appropriate for such development.

“(c) Not to exceed 10 per centum of the funds made available pursuant to section 212 shall be available to the President in negotiating and carrying out agreements entered into under this section, including the financing of appropriate activities of Commissions established pursuant to such agreements.

75 Stat. 428;
79 Stat. 654.
22 USC 2172.

“(d) The furnishing of assistance under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

“(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act.”

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Section 504(a), which relates to authorization, is amended to read as follows: 22 USC 2312.

“(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$875,000,000 for the fiscal year 1967: *Provided*, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish such assistance to more than forty countries in any fiscal year. Amounts appropriated under this subsection are authorized to remain available until expended.”

75 Stat. 436;
76 Stat. 259.
22 USC 2314.

(b) Section 506, which relates to conditions of eligibility, is amended by adding at the end thereof the following new subsection:

"(e) From and after the sixtieth day after the date of enactment of the Foreign Assistance Act of 1966, no assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I."

68 Stat. 454.
7 USC 1701-1709.

22 USC 2316.

(c) Section 508, which relates to reimbursements, is amended by adding at the end thereof the following new sentence: "Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guarantees) as may be determined by the President shall be transferred to, and merged with, the separate fund account."

79 Stat. 658.
22 USC 2318.

(d) Section 510(a), which relates to special authority, is amended by striking out "1966" each place it appears and inserting in lieu thereof in each such place "1967".

22 USC 2320.

(e) Section 512, which relates to restrictions on military aid to Africa, is amended by striking out "fiscal year 1966" and inserting in lieu thereof "each fiscal year".

(f) At the end of such chapter 2, add the following new section:

"SEC. 514. ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—(a) Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

"(b) In order to further encourage regional arms control and disarmament agreements and discourage arms races in the American Republics, notwithstanding the provisions of section 511(a) of this Act, the total value of military assistance and sales (other than training) under this Act or in accordance with section 7307 of title 10, United States Code, for American Republics in any fiscal year shall not exceed \$85,000,000, of which \$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States: *Provided*, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$85,000,000 limitation provided by this subsection."

22 USC 2319.

70A Stat. 452.
10 USC 7307.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

77 Stat. 385;
78 Stat. 1012.
22 USC 2351.

(a) Section 601, which relates to encouragement of free enterprise and private participation, is amended as follows:

(1) In subsection (b), immediately after paragraph (1), insert the following new paragraph:

"(2) establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;"

(2) In subsection (b), redesignate paragraphs (2), (3), (4), (5), and (6) as paragraphs (3), (4), (5), (6), and (7), respectively. 75 Stat. 438; 77 Stat. 385.

(3) In subsection (b), strike out "and" at the end of paragraph (6), as so redesignated by paragraph (2) of this subsection; strike out the period at the end of paragraph (7), as so redesignated by paragraph (2) of this subsection, and insert in lieu thereof a semicolon; and at the end thereof add the following new paragraph: 22 USC 2351.

"(8) utilize wherever practicable the services of United States private enterprise on a cost-plus incentive fee contract basis to provide the necessary skills to develop and operate a specific project or program of assistance in a less developed friendly country or area in any case in which direct private investment is not readily encouraged, and provide where appropriate for the transfer of equity ownership in such project or program to private investors at the earliest feasible time."

(4) Subsection (c) is amended to read as follows:

International
Private Invest-
ment Advisory
Council on
Foreign Aid.

"(c) (1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Council shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

"(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.

"(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

60 Stat. 808;
75 Stat. 339,
340.

"(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act."

(b) Section 604, which relates to procurement, is amended as follows:

(1) Subsection (c), which relates to procurement of agricultural commodities, is amended by striking out the word "surplus" each time it appears and by inserting "or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended," after the word "commodity" the first time it appears. 75 Stat. 439. 22 USC 2354.

68 Stat. 454.
7 USC 1691
note.

(2) Add the following new subsection:

"(e) No funds made available under this Act shall be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity."

(c) Section 608(a), which relates to advance acquisition of property, is amended by inserting "(including personnel costs)" immediately after "costs" the first place it appears in the first sentence. 22 USC 2358.

(d) Section 610(b), which relates to transfer between accounts, is amended by striking out the last sentence and inserting in lieu thereof the following: "Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation Ante, p. 74."

that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam."

79 Stat. 659.
22 USC 2362.

Excess foreign
currencies.

(e) Section 612, which relates to the use of foreign currencies, is amended by adding a new subsection as follows:

"(c) In addition to funds otherwise available, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 per centum of the aggregate of all excess foreign currencies. As used in this subsection, the term 'voluntary family planning program' includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance, and supplies to individuals who desire such assistance."

75 Stat. 444.
22 USC 2364.

(f) Section 614(a) which relates to special authorities, is amended by adding at the end thereof the following new sentence: "The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression."

Report to
Congress.

(g) Section 614(c), which relates to special authorities, is amended by adding at the end thereof the following: "The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection."

(h) Section 620, which relates to prohibitions against furnishing assistance, is amended as follows:

77 Stat. 387.
22 USC 2370.

(1) The first sentence of subsection (i) is amended to read as follows: "No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or which hereafter is officially represented at any international conference when that representation includes the planning of activities involving insurrection or subversion, which military efforts, insurrection, or subversion, are directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased, or such representation has ceased, and he reports to the Congress that he has received assurances satisfactory to him

68 Stat. 454.
7 USC 1691 note.

Report to
Congress.

that such military efforts or preparations will not be renewed, or that such representation will not be renewed or repeated."

(2) Subsection (k) is amended to read as follows:

77 Stat. 388.

22 USC 2370.

"(k) Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. Except as otherwise provided in section 510, no military assistance shall be furnished to any country under this Act for carrying out any program, with respect to which the aggregate value of assistance to be furnished beginning July 1, 1966, by the United States will exceed \$100,000,000 unless such program has been included in the presentation to the Congress during its consideration of authorizations for appropriations under this Act or of appropriations pursuant to authorizations contained in this Act. No provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection."

22 USC 2318.

(3) Subsection (l) is amended to read as follows:

"(l) The President shall consider denying assistance under this Act to the government of any less developed country which, after December 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of this Act, providing protection against the specific risks of convertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b) (1)."

22 USC 2181.

(4) Subsection (n) is amended to read as follows:

"(n) In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1966—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

65 Stat. 645.

22 USC 1611-

1611d.

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam."

(5) At the end of such section 620, add the following new subsections:

"(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.

Report to Congress.

"(q) No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months,

Notification of
Congress.

in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

“(r) No recipient of a loan made under the authority of this Act any part of which is outstanding on or after the date of enactment of this subsection, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan.”

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Section 622, which relates to coordination with foreign policy, is amended as follows:

(1) Subsection (b) is amended by striking out “(including any civic action and sales program)” and substituting “(including civic action) or sales programs”.

(2) Subsection (c) is amended by striking all after “general direction of” and substituting “economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.”

(b) Section 624(d), which relates to the Inspector General, Foreign Assistance, is amended by adding at the end thereof the following new paragraph:

“(8) Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph.”

(c) Section 634, which relates to reports and information, is amended by adding at the end thereof the following new subsection:

“(f) The Secretary of the Treasury shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports showing as of June 30 and December 31 of each year the repayment status of each loan theretofore made under authority of this Act any part of the principal or interest of which remains unpaid on the date of the report.”

(d) Section 635(h), which relates to general authorities, is amended by inserting “(except development loans)” immediately after “II, V, and VI”.

75 Stat. 446;
79 Stat. 660.
22 USC 2382.

76 Stat. 262.
22 USC 2384.

22 USC 2394.

Report to
Congress.

22 USC 2395.

(e) Section 637(a), which relates to administrative expenses, is amended by striking out "1966 not to exceed \$54,240,000" and inserting in lieu thereof "1967 not to exceed \$55,813,500". 79 Stat. 661.
22 USC 2397.

Approved September 19, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1651 (Comm. on Foreign Affairs) and No. 1927 (Comm. of Conference).

SENATE REPORT No. 1359 accompanying S. 3584 (Comm. on Foreign Relations).

CONGRESSIONAL RECORD, Vol. 112 (1966):

July 12, 13: Considered in House.

July 14: Considered and passed House.

July 18-22, 25, 26: S. 3584 considered in Senate.

July 26: H. R. 15750 passed Senate, amended, in lieu of S. 3584.

Sept. 1: House agreed to conference report.

Sept. 7: Senate agreed to conference report.

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 4, line 5, strike out "\$620,000,000" and sub-
- 2 stitute "\$570,000,000".

Amdt. No. 671

1 transmittal by him of a report to the Committee on Foreign
2 Relations of the Senate and the Committee on Foreign Af-
3 fairs of the House of Representatives setting forth the assur-
4 ance given by the government concerned of paying (inde-
5 pendently of such assistance) all of its arrearages and placing
6 its payments of such assessments on a current basis, or an
7 explanation of the unusual and exceptional circumstances
8 which render it economically incapable of giving such
9 assurance.”

Amdt. No. 655

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

AMENDMENT

Intended to be proposed by Mr. MILLER to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 10, after line 21, add the following:

1 (c) Add the following new section:

2 “SEC. 254. RESTRICTION ON ASSISTANCE TO LATIN
3 AMERICA.—None of the funds authorized by this Act shall
4 be used to provide assistance to any country in Latin
5 America in any fiscal year if the total estimated expendi-
6 tures of such country for defense purposes for such year are
7 expected to exceed an amount equal to 3.5 per centum of
8 the estimated gross national product as determined by the
9 President of such country for such year.”

Amdt. No. 667

Amdt. No. 667

Calendar No. 1324

**89TH CONGRESS
2^D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

July 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: Strike out all after the enacting clause and substitute the following:

- 1 That whenever the President determines that—
 - 2 (1) for at least two consecutive calendar quarters,
 - 3 the balance of payments has been favorable to the United
 - 4 States, and
 - 5 (2) the annual rate of military and economic ex-
 - 6 penditures from all United States sources for the defense
 - 7 of South Vietnam has been reduced to a rate not exceed-
 - 8 ing 1 per centum of the gross national product of the
 - 9 United States,

Amdt. No. 666

1 he shall transmit to the Congress a report containing his
2 recommendations for continuing or reinstituting such foreign
3 assistance programs as he may deem appropriate.

4 SEC. 2. Section 637 (a) of the Foreign Assistance Act
5 of 1961, as amended, is amended to read as follows:

6 "SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There
7 is hereby authorized to be appropriated to the President for
8 the fiscal year 1967 and subsequent fiscal years such amounts
9 as may be necessary for administering programs under part
10 I which are carried out with funds authorized during the
11 fiscal year 1966 or any prior fiscal year."

Amdt. No. 666

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. MORSE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2^D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4 insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding the following
3 new subsection:

4 “(p) No assistance shall be furnished under this Act
5 to any country which is in default, during a period in excess
6 of six calendar months, in payment to the United States of
7 principal or interest on any loan made to such country under
8 this Act, unless such country meets its obligations under the
9 loan or unless the President determines that assistance to

1 such country is essential to the national interest and notifies
2 the Speaker of the House of Representatives and the Com-
3 mittee on Foreign Relations of the Senate of such deter-
4 mination.”

Amdt. No. 659

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 assistance, is amended by adding at the end thereof the fol-
3 lowing new subsection:

4 “(p) No loan shall be made to any country under the
5 authority of this Act for use in any manner by such country
6 in meeting all or part of its obligations to the United States
7 under any other loan made to such country under this Act.”

Amdt. No. 658

Amdt. No. 658

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following new subsection:

- 1 (f) Section 620, which relates to prohibitions against
2 assistance, is amended by adding a new subsection as follows:
3 “(p) None of the funds made available under authority
4 of this Act may be used to furnish assistance to any country
5 for budget support purposes, except that the limitations of
6 this subsection shall not be applicable to any country in
7 which any of the Armed Forces of the United States are
8 engaged in resisting armed aggression against such country.”

Amdt. No. 656

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 3, strike out lines 22, 23, and 24 and substitute the following:

1 (b) Section 201 (d), which relates to interest rates, is
2 amended as follows:

3 “(1) After the word ‘herein’ insert ‘or funds loaned
4 for the construction or equipment of schools or other educa-
5 tional purposes’.

6 “(2) Strike out ‘2½ per centum’ and substitute ‘3 per
7 centum’.

8 “(3) Strike out ‘ten years’ and substitute ‘five years’.

9 “(4) Strike out ‘ten-year’ and substitute ‘five-year’.

Amdt. No. 664

1 “(5) Add the following new sentence: ‘Except in the
 2 case of a loan made for the construction or equipment of
 3 schools or other educational purposes, such funds shall not
 4 be loaned for a period in excess of twenty-five years in
 5 addition to such five-year period’.”

Amdt. No. 664

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
 S. 3584, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 14, line 23, strike out "\$700,000,000" and
- 2 substitute "\$650,000,000".

Amdt. No. 670

Amdt. No. 670

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. Morse to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 10, line 15, strike out “\$543,000,000” and
2 substitute “\$510,000,000”.

3 On page 10, lines 16 and 17, strike out “\$87,700,000”
4 and substitute “\$75,000,000”.

Amdt. No. 669

Amdt. No. 669

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. Morse to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself and Mr. GRUENING) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding at the end there-
3 of the following:

4 “(p) No assistance shall be furnished under this Act to
5 the United Arab Republic unless the President finds and
6 reports within thirty days of such finding to the President of
7 the Senate and the Speaker of the House that such assistance
8 is essential to the national interest of the United States, and
9 further that such assistance will neither directly nor indirectly
10 assist aggressive actions by the United Arab Republic.”

Amdt. No. 653

Amdt. No. 653

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself and Mr. GRUENTING) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 4, between lines 10 and 11, insert the fol-
2 lowing:

3 “(d) Amend section 204, which relates to the Develop-
4 ment Loan Committee, by inserting ‘(a)’ after the section
5 number and by adding at the end thereof the following new
6 subsection:

7 ““(b) No loan shall be made under this title until (1)
8 the application therefor shall have been submitted to the
9 International Bank for Reconstruction and Development with
10 a request for recommendations concerning the need for the

1 loan, the propriety of the proposed terms thereof, and the
 2 likelihood of repayment, and (2) such recommendations
 3 shall have been received and considered, or a period of sixty
 4 days shall have elapsed following such request and no such
 5 recommendations shall have been received.’”

6 On page 4, line 11, strike out “(d)” and substitute
 7 “(e)”.

Amdt. No. 660

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to
 S. 3584, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 assistance, is amended by adding at the end thereof the
3 following:

4 “(p) No recipient of a loan made under the authority
5 of this Act, any part of which is outstanding on or after
6 the date of enactment of this subsection, shall be relieved
7 of liability for the repayment of any part of the principal
8 of or interest on such loan.”

Amdt. No. 662

Amdt. No. 662

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4 insert the following:

- 1 (f) Section 620 (m) is amended to read as follows:
- 2 “(m) Notwithstanding any other provision of this Act,
- 3 no assistance shall be furnished on a grant basis under this
- 4 Act after the date of enactment of the Foreign Assistance
- 5 Act of 1966 except (1) to fulfill firm commitments made
- 6 prior to such date, or (2) assistance furnished with funds
- 7 made available pursuant to section 451.”

Amdt. No. 661

Amdt. No. 661

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 6, before the period in line 18, insert a comma
- 2 and the following: “and by striking out ‘\$210,000,000’ and
- 3 substituting ‘\$200,000,000’ ”.

Amdt. No. 668

Amdt. No. 668

Calendar No. 1324

89TH CONGRESS
2D Session

S. 3584

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 4, line 5, strike out “\$620,000,000” and insert
2 in lieu thereof “\$470,000,000”.

3 On page 14, line 23, strike out “\$700,000,000” and
4 insert in lieu thereof “\$600,000,000”.

Amdt. No. 657

Amdt. No. 657

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

July 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER to S. 3584,
a bill to amend the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

1 On page 16, in lines 2, 7, 8, and 9, strike out “RECON-
2 STRUCTION” and insert “DEVELOPMENT”.

3 In line 10, strike out “underdeveloped” and insert “less
4 developed”.

5 In line 10, strike out “in Asia and Africa”.

6 In line 12, strike out “Reconstruction” and insert “De-
7 velopment”.

8 In line 13, strike out “two” and insert “one or more”.

9 In line 14, strike out “three” and insert “one or more”.

10 In line 15, after “established.” insert “A majority of the

Amdt. No. 650

1 members of each such Commission shall be citizens of the
2 country in which it is established.”.

3 In line 16, strike out “that” and insert “for the selec-
4 tion of”.

5 In line 17, after “established” insert “who wherever
6 feasible”.

7 In line 20, insert a period after “office” and strike out
8 the rest of the sentence.

9 In line 24, strike out “reconstruction in” and insert
10 “development of”.

11 In line 25, strike out “shall” and insert “may”.

12 On page 17, insert a comma after “research”; strike
13 out “and”; after “training” insert “and other”.

14 In line 2, strike out “reconstruction” and insert “de-
15 velopment”.

16 In line 12, strike out the quotation marks.

17 After line 12, add the following:

18 “(e) Nothing in this chapter shall be construed to re-
19 strict the authority contained in any other chapters of this
20 Act.”

Amdt. No. 650

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER
to S. 3584, a bill to amend the Foreign As-
sistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966
Ordered to be printed

AMENDMENTS

Proposed by Mr. MCGEE (for himself, Mr. SPARKMAN, Mr. JAVITS, and Mr. CLARK) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 4, lines 5 and 6, strike out "for the fiscal year
2 1967," and insert in lieu thereof "for each of the fiscal
3 years 1967 and 1968,".

4 On page 4, lines 9 and 10, strike out "year ending June
5 30, 1967," and insert in lieu thereof "years ending June 30,
6 1967 and June 30, 1968, respectively,".

7 On page 6, line 18, strike out "'1966' and substituting
8 '1967'" and insert in lieu thereof "'the fiscal year 1966'
9 and substituting 'each of the fiscal years 1967 and 1968'".

Amdt. No. 654

1 On page 6, line 22, strike out "1966" and insert in lieu
2 thereof "the fiscal year 1966".

3 On page 6, line 23, strike out "1967" and insert in lieu
4 thereof "each of the fiscal years 1967 and 1968".

5 On page 7, line 16, strike out "1968" and insert in lieu
6 thereof "1969".

7 On page 8, line 9, strike out "1968" and insert in lieu
8 thereof "1969".

9 On page 10, strike out lines 11 through 17, and insert
10 in lieu thereof the following:

11 “(1) Strike out in the first sentence the words begin-
12 ning with ‘1963, 1965, and 1966,’ through the words ‘year
13 1966’ and substitute ‘1967 and 1968, not to exceed \$543,-
14 000,000 which sums are authorized to remain available
15 until expended and, except for not to exceed \$87,700,000,.’.”

16 On page 10, strike out lines 19 through 21, and insert
17 in lieu thereof the following:

18 “(3) In the final sentence, strike out ‘June 30, 1965
19 and June 30, 1966,’ and substitute ‘June 30, 1967 and
20 June 30, 1968,.’.”

21 On page 13, line 4, strike out “year 1967,” and insert
22 in lieu thereof “years 1967 and 1968,”.

23 On page 13, line 5, after “use” insert “in each such
24 fiscal year”.

1 On page 14, line 2, strike out “1966” and insert in lieu
2 thereof “the fiscal year 1966”.

3 On page 14, line 3, strike out “1967” and insert in lieu
4 thereof “each of the fiscal years 1967 and 1968”.

5 On page 14, line 22, strike out “1966” and insert in
6 lieu thereof “the fiscal year 1966”.

7 On page 14, line 23, strike out “1967” and insert in lieu
8 thereof “each of the fiscal years 1967 and 1968”.

9 On page 15, line 5, strike out “1966” and insert in lieu
10 thereof “the fiscal year 1966”.

11 On page 15, line 6, strike out “1967” and insert in lieu
12 thereof “each of the fiscal years 1967 and 1968”.

13 On page 21, line 3, strike out “1966” and insert in lieu
14 thereof “the fiscal year 1966”.

15 On page 21, line 4, strike out “1967” and insert in lieu
16 thereof “each of the fiscal years 1967 and 1968”.

17 On page 21, lines 6 and 7, strike out “the fiscal year
18 1967” and insert in lieu thereof “each of the fiscal years
19 1967 and 1968”.

Amdt. No. 654

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENTS

Proposed by Mr. McGEE (for himself, Mr. SPARKMAN, Mr. JAVITS, and Mr. CLARK), to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 18, 1966

Ordered to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 19, between lines 8 and 9, insert the following
2 new subsection:

3 “(d) Section 613, which relates to accounting, valua-
4 tion, reporting, and administration of foreign currencies, is
5 amended by adding at the end thereof the following new
6 subsection:

7 “(e) In addition to any other terms and conditions
8 which may be applicable with respect to any loans made
9 from funds made available under authority of this Act, each
10 such loan shall include a provision or provisions whereby the

1 recipient of such loan shall (1) express the par value of its
2 currency in terms of the United States dollar at a rate of
3 exchange between those currencies which the Secretary of
4 the Treasury finds to be reasonable and (2) agree to main-
5 tain, notwithstanding any changes in the foreign exchange
6 value of its currency, such initial par value of its currency
7 for purposes of all computations relating to those currencies
8 in connection with such loan. No provision of the terms of
9 any loan heretofore or hereafter made from funds made avail-
10 able under authority of this Act, which requires the mainte-
11 nance of the value of the currency of the recipient of such
12 loan in relation to the United States dollar during the period
13 such loan is outstanding, may hereafter be altered.' ”

14 On page 19, line 9, strike out “(d)” and insert “(e)”.

15 On page 19, line 15, strike out “(e)” and insert “(f)”.

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 20, between lines 20 and 21, insert the fol-
2 lowing:

3 “(b) Section 634 (which relates to reports and infor-
4 mation) is amended by adding the following new subsection:

5 ““(f) The Secretary of the Treasury shall transmit to
6 the Speaker of the House of Representatives and to the Com-
7 mittee on Foreign Relations of the Senate semiannual reports
8 showing as of June 30 and December 31 of each year the re-
9 payment status of each loan theretofore made under authority

Amdt. No. 663

1 of this Act any part of the principal or interest of which re-
 2 mains unpaid on the date of the report.’”

3 On page 20, line 21, strike out “(b)” and substitute
 4 “(c)”.

5 On page 21, line 1, strike out “(c)” and substitute
 6 “(d)”.

Amdt. No. 663

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to
 S. 3584, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 18, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BAYH to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 18, line 1, strike out the word "subsection" and
2 substitute the word "subsections".

3 On page 18, line 5, strike out the quotation marks.

4 On page 18, between lines 5 and 6, insert the following:

5 “(f) Funds made available under this Act shall not be
6 used to finance the procurement of iron and steel products for
7 use in Vietnam if the products contain any component
8 acquired by the producer of the commodity in the form in
9 which imported into the country of production from sources
10 other than the United States or a country designated as a

Amdt. No. 652

1 limited free world country by code number 901 in the
2 September 1964 Geographic Code Book compiled by the
3 Agency for International Development, at a total cost (de-
4 livered to the point of production) that amounts to more
5 than 10 per centum of the lowest price (excluding the cost
6 of ocean transportation and marine insurance) at which the
7 supplier makes the commodity available for export sale
8 (whether or not financed by the Agency for International
9 Development).”

Amdt. No. 652

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. BAYH to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 18, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DOMINICK to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 3, before the period at the end of line 24, insert
- 2 a comma and the following: “and by striking out ‘1 per
- 3 centum’ and substituting ‘2 per centum’”.

Amdt. No. 678

Amdt. No. 678

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. DOMINICK to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. COOPER to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 10, strike out lines 11 through 17, and insert
2 in lieu thereof the following:

3 “(1) Strike out in the first sentence the words begin-
4 ning with ‘1963, 1965, and 1966,’ through the words ‘year
5 1966’ and substitute ‘1967 and 1968, not to exceed \$543,-
6 000,000 which sums are authorized to remain available until
7 expended and, except for not to exceed \$87,700,000’.”

8 On page 10, strike out lines 19 through 21, and insert
9 in lieu thereof the following:

1 “(3) In the final sentence, strike out ‘June 30, 1965
 2 and June 30, 1966,’ and substitute ‘June 30, 1967, and June
 3 30, 1968,’.”

Amdt. No. 675

Calendar No. 1324

**89TH CONGRESS
 2D SESSION**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. Cooper to
 S. 3584, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 10, after line 21, add the following:

- 1 (c) Add the following new section:
- 2 “SEC. 254. RESTRICTION ON AID TO LATIN AMERICAN
- 3 COUNTRIES.—None of the funds made available under au-
- 4 thority of this Act may be used to furnish assistance to any
- 5 country covered by this title in which the government has
- 6 come to power through the forcible overthrow of a prior gov-
- 7 ernment which has been chosen in free and democratic elec-
- 8 tions, until the President is satisfied that a government, so
- 9 chosen, has been restored and so notifies the Speaker of the

- 1 House of Representatives and the Foreign Relations Commit-
2 tee of the Senate.”

Amdt. No. 676

Calendar No. 1324

**89TH CONGRESS
2^D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. MORSE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

July 19, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 4, strike out lines 11 through 23.
- 2 On page 9, strike out everything after the word “Prog-
- 3 ress” in line 21 through line 23, and on page 10, strike out
- 4 lines 1 through 8.
- 5 On page 11, line 15, strike out the comma after the
- 6 word “region” and substitute a period. Strike out the rest
- 7 of line 15 and all of lines 16 through 21; page 12, strike
- 8 out lines 1 through 5. Page 12, line 18, strike out the
- 9 words “multilateral institutions or other.” Page 12, strike
- 10 out lines 21 through 24 and page 13, strike out lines 1 and 2.

Amdt. No. 674

Amdt. No. 674

Calendar No. 1324

**89TH CONGRESS
2^D Session**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. DIRKSEN to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TOWER to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 SEC. 203. It is the sense of the Congress that, in view
2 of recent changes in the Government of Indonesia, the Sec-
3 retary of Agriculture should take such steps as may be
4 necessary to encourage and facilitate the export to Indonesia
5 of agricultural commodities produced in the United States,
6 under the Commodity Credit Corporation export credit
7 sales program authorized by title IV of the Agricultural
8 Trade Development and Assistance Act of 1954, as
9 amended.

Amdt. No. 672

Amdt. No. 672

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. Tower to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4 insert a new subsection as follows:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding at the end
3 thereof the following new subsection:

4 “(p) No assistance shall be furnished under this or any
5 other Act to any country in the Western Hemisphere the
6 government of which came to power through the forcible
7 or unconstitutional overthrow of a prior government which
8 had been chosen in free and democratic elections, except
9 that such assistance may be furnished to such country if

1 (i) the President shall have submitted to the Committee
2 on Foreign Relations of the Senate and the Committee on
3 Foreign Affairs of the House of Representatives a report
4 stating that the furnishing of assistance to such country is in
5 the national interest and giving his reasons therefor, and
6 (ii) each such committee shall have adopted a resolution
7 approving the furnishing of assistance to such country. No
8 other provision of this Act shall be construed to authorize
9 the President to waive the provisions of this subsection.”

Amdt. No. 677

Calendar No. 1324

**89TH CONGRESS
2^D Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 19, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 21, after line 7, insert the following new subsection:

1 (d) At the end of such chapter add a new section as
2 follows:

3 “SEC. 640A. AUDIT BY GENERAL ACCOUNTING OF-
4 FICE.—(a) The General Accounting Office is authorized
5 and directed to conduct an audit of any program of assistance
6 to any country being conducted under part I of this Act
7 for any fiscal year, beginning with the fiscal year 1966, for
8 which the United States has expended or obligated in excess
9 of \$500,000 for such program.

Amdt. No. 673

1 “(b) For the purpose of aiding in carrying out its duties
2 under this section, the General Accounting Office shall have
3 access to all records, reports, audits, reviews, documents,
4 papers, recommendations, or other material of the agency
5 of the United States Government administering part I of
6 this Act. Such agency shall cooperate with the General
7 Accounting Office and furnish assistance upon request to
8 the General Accounting Office in aid of its responsibilities
9 under this section.”

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 19, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 2, between lines 14 and 15, insert the following:
- 2 “(1) In the second sentence strike out clause (1) and
- 3 substitute the following: ‘(1) whether financing could be
- 4 obtained in whole or in part from other free world sources
- 5 on reasonable terms, including private sources within the
- 6 United States: *Provided*, That, where such financing could
- 7 have been obtained but was not, the President shall in
- 8 writing notify the Senate Committee on Foreign Relations
- 9 and the House Committee on Foreign Affairs within sixty

1 days of the reasons why such alternate financing was not
2 utilized,'."

3 On page 2, line 15, strike out "(1)" and substitute
4 "(2)".

5 On page 3, line 8, strike out "(2)" and substitute
6 "(3)".

Amdt. No. 683

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. GRUENING to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 3, after line 24 insert the following:

2 “(c) Section 201 (e), which relates to the making of
3 loans from the Development Loan Fund, is amended to read
4 as follows:

5 “(e) In carrying out this title, the President shall not
6 allocate, reserve, earmark, commit, or otherwise set aside,
7 funds, including foreign currencies or credits owned by the
8 United States, aggregating in excess of \$100,000 for use in
9 any country under this title unless (1) an application for
10 such funds has been received for use in such country together

1 with sufficient information and assurances to indicate reason-
2 ably that the funds will be used in an economically and
3 technically sound manner, or (2) the President determines
4 with respect to each such allocation, reservation, earmarking,
5 commitment, or set-aside that it is in the national interest
6 to use such funds pursuant to multilateral plans.’”

7 On page 4, line 1, strike out “(c)” and substitute
8 “(d)”.

9 On page 4, line 11, strike out “(d)” and substitute
10 “(e)”.

AMENDMENTS

Intended to be proposed by Mr. GRUENING to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McGOVERN to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: Add at the end of the bill the following new section:

- 1 SEC. 203. Notwithstanding any other provisions of this
- 2 Act, the authorizations in this Act shall be adjusted on a pro-
- 3 portional basis so the total shall be no less than 10 per
- 4 centum of the total funds authorized to be appropriated for
- 5 United States operations in Vietnam during fiscal year 1967.

Amdt. No. 681

Amdt. No. 681

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. McGovern to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert a new subsection as follows:

1 (g) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding at the end
3 thereof the following new subsection:

4 “(p) No assistance shall be furnished under this Act
5 to any member state of the Organization of American States
6 the government of which comes into power by the uncon-
7 stitutional overthrow of a freely elected, constitutional, dem-
8 ocratic government which had been acting in accordance
9 with its constitutional mandate, if, in consultation with the

1 members of the Organization of American States, in accord-
2 ance with applicable resolutions and agreements of the
3 Organization of American States, the President finds that
4 such government does not intend to take appropriate steps,
5 within a reasonable time, for the restoration of constitu-
6 tional government, the holding of free elections, and the
7 application of human and civil rights and liberties, until
8 (1) the President is satisfied that such government intends
9 to take such appropriate steps or (2) the President has
10 determined that the furnishing of such assistance is essential
11 to the national interest of the United States, and reports such
12 determination and his reasons therefor to the Senate Com-
13 mittee on Foreign Relations and to the Speaker of the
14 House within thirty days accordingly.”

Amdt. No. 680

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. JAVITS to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CLARK (for himself and Mr. KENNEDY of New York) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 CHAPTER 3—MISCELLANEOUS PROVISIONS

2 SEC. 203. Chapter 3 of part III of the Foreign Assist-
3 ance Act of 1961, as amended, which relates to miscella-
4 neous provisions, is amended by adding at the end thereof the
5 following new section:

6 “SEC. 650. AUTHORIZATION FOR AGGREGATE APPRO-
7 PRIATIONS.—Notwithstanding any other provision of this
8 Act, there is hereby authorized to be appropriated for use in
9 the fiscal year 1967, for furnishing assistance and for admin-

1 istrative expenses under this Act, an aggregate amount equal
2 to 1 per centum of the estimated gross national product of
3 the United States for the preceding calendar year as deter-
4 mined by the President. The supplemental authority pro-
5 vided in the preceding sentence shall take effect when (1)
6 the President determines that the expenditure of such addi-
7 tional funds would be in the national interest and (2) trans-
8 mits a report setting forth the reasons for such determination
9 to the Committee on Foreign Relations of the Senate and
10 the Committee on Foreign Affairs of the House of
11 Representatives.”

AMENDMENT

Intended to be proposed by Mr. Clark (for himself and Mr. Kennedy of New York) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 18, between lines 5 and 6, insert the following:

2 “(b) Section 605 (c) is hereby amended to read as
3 follows:

4 ““(c) Funds realized as a result of any failure of a
5 transaction financed under authority of part I of this Act to
6 conform to the requirements of this Act, or to applicable
7 rules and regulations of the United States Government, or
8 to the terms of any agreement or contract entered into under
9 authority of part I of this Act shall be covered into the
10 Treasury as miscellaneous receipts.’”

Amdt. No. 687

1 On page 18, line 6, strike out “(b)” and substitute
2 “(c)”.

3 On page 18, line 10, strike out “(c)” and substitute
4 “(d)”.

5 On page 19, line 9, strike out “(d)” and substitute
6 “(e)”.

7 On page 19, line 15, strike out “(e)” and substitute
8 “(f)”.

Amdt. No. 687

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. GRUENING to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding at the end there-
3 of the following new subsection:

4 “(p) No assistance shall be provided under this or any
5 other Act to the United Arab Republic. This restriction may
6 not be waived pursuant to any authority contained in this
7 or any other Act.”

Amdt. No. 688

Amdt. No. 688

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. GRUENING to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HARTKE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding the following
3 new subsection:

4 “(p) No assistance shall be furnished under this Act to
5 Syria until the President determines that such country is no
6 longer giving aid to those against whom the United States
7 is engaged in the struggle in Vietnam.”

Amdt. No. 689

Amdt. No. 689

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. HARTKE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HARTKE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding the following
3 new subsection:

4 “(p) No assistance under this Act shall be furnished to
5 any country which purchased more than \$1,000,000 of gold
6 from the United States in each of the fiscal years 1965
7 and 1966.”

Amdt. No. 690

Amdt. No. 690

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. HARRKE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HARTKE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 (d) Section 649, which relates to limitation on aggregate
2 authorization, is amended to read as follows:

3 "SEC. 649. LIMITATION ON AGGREGATE AUTHORIZA-
4 TION.—Notwithstanding any other provision of this Act, the
5 total amount authorized for expenditure by this Act shall be
6 reduced as the President shall determine by an amount equal
7 to 20 per centum thereof until such time as the President
8 determines that the annual rate of military and economic ex-
9 penditures from all United States sources for the defense of

- 1 South Vietnam has been reduced to an annual rate not to
- 2 exceed 1 per centum of the gross national product of the
- 3 United States."

Amdt. No. 692

Calendar No. 1324

89TH CONGRESS
2D Session**S. 3584****AMENDMENT**

Intended to be proposed by Mr. HARTKE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HARTKE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 20, between lines 3 and 4, insert the following:

1 (f) Section 620, which relates to prohibitions against
2 furnishing assistance, is amended by adding the following
3 new subsection:

4 “(p) No assistance under this Act shall be furnished
5 to any country which denies the right of visitation to any
6 United States citizen, except for such reason as would be
7 considered by the Secretary of State to be valid grounds
8 for such denial.”

Amdt. No. 691

Amdt. No. 691

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. HARTKE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HARTKE to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 (d) Section 649, which relates to limitation on aggregate
2 authorization, is amended to read as follows:

3 “SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION.—Notwithstanding any other provision of this Act, the
4 total amount authorized for expenditure by this Act shall
5 be reduced as the President shall determine by an amount
6 equal to 20 per centum thereof until such time as the President
7 determines that the balance of payments of the United
8 States has been favorable to the United States for two consecutive
9 calendar quarters.”
10

Amdt. No. 693

AMENDMENT

Intended to be proposed by Mr. HARTKE to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

89TH CONGRESS
2^D SESSION

Calendar No. 1324

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 4, line 23, before the quotation marks insert
2 the following: "With respect to any dollars herein provided,
3 the voting power of the United States shall be exercised for
4 the purpose of disapproving any loan for any project, enter-
5 prise, or activity in any country during any period for which
6 the President has suspended assistance to the government of
7 such country because of any action taken on or after January
8 1, 1962, by the government of such country or any govern-
9 ment agency or subdivision within such country as specified
10 in paragraph (A), (B), or (C) of subsection (e) (1) of

1 section 620 of the Foreign Assistance Act of 1961, as
 2 amended, and the failure of such country within a reasonable
 3 time to take appropriate steps to discharge its obligations or
 4 provide relief in accordance with the provisions of such sub-
 5 section.”

Amdt. No. 685

Calendar No. 1324

89TH CONGRESS
2^D Session**S. 3584****AMENDMENT**

Intended to be proposed by Mr. GRUENING to
 S. 3584, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 20, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 14, line 18, before the quotation marks insert
2 the following: "No commodity shall be furnished pursuant
3 to this chapter unless the Administrator of the Agency for
4 International Development shall have found with respect to
5 each such commodity that there is substantial need therefor
6 in order to make a planned contribution to the economic
7 development of the country to which the commodity is to
8 be furnished."

Amdt. No. 686

Amdt. No. 686

Calendar No. 1324

**89TH CONGRESS
2d Session**

S. 3584

AMENDMENT

Intended to be proposed by Mr. Gruening to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 20, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 21, 1966

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BYRD of Virginia to S. 3584,
a bill to amend further the Foreign Assistance Act of 1961,
as amended, and for other purposes, viz:

1 On page 1, line 10, strike out “paragraph” and sub-
2 stitute “paragraphs”.

3 On page 2, strike out the quotation marks at the end of
4 line 6.

5 On page 2, between lines 6 and 7, insert the following:

6 “ ‘It is the sense of the Congress that the action of the
7 West German Government giving approval and financial
8 backing to a deal under which an international consortium in
9 West Europe, headed by a West German firm, would supply
10 steel plants to Communist China, the chief supplier of war

Amdt. No. 694

- 1 material to North Vietnam and the Viet Cong, is a grave
2 blow to the common defense of the free world and to the
3 safety of American troops in Vietnam.' ”

Amdt. No. 694

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENTS

Intended to be proposed by Mr. BYRD of Virginia to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 21, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2^D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 21, 1966

Ordered to be printed

AMENDMENT

Proposed by Mr. ELLENDER (for himself and Mr. MORSE) to
S. 3584, a bill to amend further the Foreign Assistance Act
of 1961, as amended, and for other purposes, viz:

- 1 On page 14, line 23, strike out "\$700,000,000" and
- 2 insert in lieu thereof: "\$658,000,000".

Amdt. No. 695

Amdt. No. 695

Calendar No. 1324

**89TH CONGRESS
2D Session**

S. 3584

AMENDMENT

Proposed by Mr. ELLENDER (for himself and Mr. MORSE) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 21, 1966

Ordered to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 21, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KENNEDY of New York to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 21, after line 7, add the following:

1 CHAPTER 3—RESTUDY

2 SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The
3 President is requested to submit to the Congress, on or before
4 July 1, 1967, his recommendations, including legislative
5 proposals designed to carry out such recommendations, for
6 such future foreign assistance programs as may be necessary
7 and appropriate in the national interest and taking into ac-
8 count the principles set forth in section 302.

1 SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT
2 IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the for-
3 mulation and submission to the Congress of proposals for
4 foreign assistance for fiscal years beginning on or after
5 July 1, 1968, such proposals should include and be divided
6 into the following separate and distinct categories:

7 (1) Assistance intended primarily for humanitarian
8 purposes, including grants, loans, contributions, or other
9 aid to be made available for relief purposes through
10 international organizations or relief agencies, or other-
11 wise, famine relief and other assistance authorized by
12 title II of the Agricultural Trade Development and
13 Assistance Act of 1954, as amended, and similar relief
14 programs.

15 (2) Assistance for development purposes (A) to be
16 extended only to countries in which progress is being
17 made toward respect for the rule of law, freedom of ex-
18 pression and of the press, and recognition of the im-
19 portance of individual freedom, initiative, and private
20 enterprise; and (B) to be in furtherance of sound plans
21 for economic and social growth to the end of developing
22 the resources of the recipient countries to make them
23 self-sufficient at the earliest possible date.

24 (3) Assistance for political or contingency pur-
25 poses, to be extended to a limited number of countries or

1 areas, primarily for purposes of advancing or protecting
2 the mutual interests of the United States and the other
3 countries or areas concerned, such as programs relating
4 to the creation of special relationships with recipient
5 countries, reinforcement of alliance-type relationships, or
6 other political or contingency purposes.

7 (4) Military assistance to be furnished for purposes
8 that serve the military defense of the United States as
9 recommended by the Secretary of Defense, subject to
10 approval by the Secretary of State.

11 (b) In order to provide for better coordination of all pro-
12 grams of United States assistance to foreign countries, and for
13 more efficient, economical, and effective administration of
14 such programs, the proposals referred to in paragraphs (1),
15 (2), and (3) of subsection (a) should also include pro-
16 visions for unification, insofar as practicable, of the adminis-
17 tration of such programs under a single officer or agency.

18 (c) The proposals referred to in subsection (a) should
19 be based on an analysis and estimate of the funds required
20 by the developing nations of the world to close the widening
21 gap between the economically privileged nations and those
22 nations striving to achieve a developed economy. This
23 analysis should examine the relationship between develop-
24 ment requirements and the rising gross national product of
25 the United States, assessing the percentage of gross national

1 product that should be devoted to such development assist-
2 ance. The proposals should include an assessment of the
3 role that economic assistance by the United States and other
4 developed nations can and should play in the economic and
5 social development of the rest of the world, and carefully
6 delineate policies and programs required to fulfill this role.

7 SEC. 303. TEMPORARY PLANNING COMMITTEE ESTAB-
8 LISHED.—(a) There is hereby created a Foreign Aid Plan-
9 ning Committee (hereinafter referred to as the “Commit-
10 tee”) which shall consist of twelve members to be selected
11 as follows:

12 (1) Four members to be appointed by the Presi-
13 dent;

14 (2) Four members of the Committee on Foreign
15 Relations of the Senate, to be designated by the Vice
16 President;

17 (3) Four members of the Committee on Foreign
18 Affairs of the House of Representatives, to be designated
19 by the Speaker of the House of Representatives.

20 The Committee shall select a Chairman and Vice Chairman
21 from among its members.

22 (b) It shall be the duty of the Committee (1) to make
23 such studies and investigations as may be necessary to enable
24 it to make recommendations to the President and to the
25 Congress concerning the proposals referred to in section

1 302 (a), and (2) to provide the President, or such officer
2 or agency as the President may designate, with such assist-
3 ance as the President or such officer or agency may request
4 in the formulation of such proposals.

5 (c) The Committee is authorized to appoint and fix
6 the compensation of such secretarial, clerical, and other staff
7 assistants as may be necessary to enable it to perform its
8 functions, and to procure, without regard to the civil service
9 laws and the Classification Act of 1949, as amended, tem-
10 porary and intermittent services to the same extent as is
11 authorized for the departments by section 15 of the Act of
12 August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates
13 not to exceed \$100 per diem for individuals.

14 (d) Members of the Committee appointed under sub-
15 section (a) (1) who are not otherwise employed by the
16 United States shall be paid compensation at the rate of \$100
17 per diem while engaged in the work of the Committee, and
18 shall be reimbursed for travel and other necessary expenses
19 incurred while so engaged, including per diem in lieu of
20 subsistence, as authorized by law (5 U.S.C. 73b-2) for per-
21 sons in the Government service employed intermittently.

22 (e) The Committee may, for the purpose of carrying
23 out the provisions of this section, hold such hearings and sit
24 and act at such times and places, administer such oaths, and
25 require by subpoena or otherwise the attendance and testi-

1 many of such witnesses and the production of such books,
2 records, correspondence, memorandums, papers, and docu-
3 ments as the Committee may deem advisable. Subpenas
4 may be issued under the signature of the Chairman of the
5 Committee and may be served by any person designated by
6 the Chairman. The provisions of sections 102 to 104, in-
7 clusive, of the Revised Statutes (2 U.S.C. 192-194), shall
8 apply in the case of any failure of any witness to comply
9 with any subpoena or to testify when summoned under author-
10 ity of this subsection.

11 (f) Each department and agency of the Government
12 shall furnish to the Committee, upon its request, such infor-
13 mation or other assistance as may be necessary to enable it
14 to carry out its functions.

15 (g) The Committee shall from time to time transmit
16 to the President, and to the Committee on Foreign Relations
17 of the Senate and the Speaker of the House of Representa-
18 tives, reports of its activities, including its recommendations,
19 and shall file its final report on or before January 3, 1968.
20 Upon the filing of its final report, the Committee shall cease
21 to exist.

22 (h) There shall be made available to the Committee out
23 of sums appropriated pursuant to this Act such amounts, not
24 to exceed an aggregate of \$400,000, as the Committee deems
25 necessary to enable it to carry out its functions.

Amdt. No. 696

Calendar No. 1324

89TH CONGRESS
2D Session

S. 3584

AMENDMENT

Intended to be proposed by Mr. KENNEDY of
New York to S. 3584, a bill to amend further
the Foreign Assistance Act of 1961, as
amended, and for other purposes.

JULY 21, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 22, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MUNDT to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 **CHAPTER 3—MISCELLANEOUS PROVISIONS**

2 SEC. 203. Chapter 3 of part III of the Foreign Assist-
3 ance Act of 1961, as amended, which relates to miscellaneous
4 provisions, is amended by adding at the end thereof the
5 following new section:

6 “SEC. 650. APPOINTMENT OF STUDY COMMITTEE.—

7 (a) There is hereby created a Foreign Aid Study Committee
8 (hereinafter referred to as the ‘Committee’) which shall
9 consist of twelve members to be selected as follows:

Amdt. No. 698

1 “(1) Four members to be appointed by the Presi-
2 dent from private life, none of whom shall have been
3 employed in carrying out foreign aid programs;

4 “(2) Four members of the Committee on Foreign
5 Relations of the Senate, to be designated by the Vice
6 President;

7 “(3) Four members of the Committee on Foreign
8 Affairs of the House of Representatives, to be desig-
9 nated by the Speaker of the House of Representatives.
10 Not more than two of the members appointed from each
11 category shall be members of the same political party. The
12 Committee shall select a Chairman and Vice Chairman from
13 among its members.

14 “(b) It shall be the duty of the Committee to make a
15 full and complete study of existing United States foreign
16 assistance programs with a view to making recommendations
17 to the President and to the Congress with respect to (1)
18 the nature and extent of our responsibilities for providing
19 assistance to other countries of the world, (2) whether such
20 existing programs of assistance provide a satisfactory means
21 of meeting such responsibilities, and (3) whether improve-
22 ments can be made in existing programs, which would make
23 them more responsive to such responsibilities, or whether a
24 new and different approach would better serve the needs of

1 recipient countries and more effectively carry out our foreign
2 policies.

3 “(c) The Committee is authorized to appoint and fix
4 the compensation of such secretarial, clerical, and other staff
5 assistants as may be necessary to enable it to perform its
6 functions, and to procure, without regard to the civil service
7 laws and the Classification Act of 1949, as amended, tempo-
8 rary and intermittent services to the same extent as is
9 authorized for the departments by section 15 of the Act of
10 August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates
11 not to exceed \$100 per diem for individuals.

12 “(d) Members of the Committee appointed under sub-
13 section (a) (1) who are not otherwise employed by the
14 United States shall be paid compensation at the rate of \$100
15 per diem while engaged in the work of the Committee, and
16 shall be reimbursed for travel and other necessary expenses
17 incurred while so engaged, including per diem in lieu of
18 subsistence, as authorized by law (5 U.S.C. 73b-2) for
19 persons in the Government service employed intermittently.

20 “(e) The Committee may, for the purpose of carrying
21 out the provisions of this section, hold such hearings and sit
22 and act at such times and places, administer such oaths, and
23 require by subpoena or otherwise the attendance and testi-
24 mony of such witnesses and the production of such books,

1 records, correspondence, memorandums, papers, and docu-
2 ments as the Committee may deem advisable. Subpenas
3 may be issued under the signature of the Chairman of the
4 Committee and may be served by any person designated by
5 the Chairman. The provisions of sections 102 to 104, inclu-
6 sive, of the Revised Statutes (2 U.S.C. 192-194), shall
7 apply in the case of any failure of any witness to comply
8 with any subpoena or to testify when summoned under au-
9 thority of this subsection.

10 “(f) Each department and agency of the Government
11 shall furnish to the Committee, upon its request, such infor-
12 mation or other assistance as may be necessary to enable it
13 to carry out its functions.

14 “(g) The Committee shall from time to time transmit
15 to the President, and to the Committee on Foreign Relations
16 of the Senate and the Speaker of the House of Representa-
17 tives, reports of its activities, including its recommendations,
18 and shall file its final report on or before January 3, 1968.
19 Upon the filing of its final report, the Committee shall cease
20 to exist.

21 “(h) There shall be made available to the Committee
22 out of sums appropriated pursuant to this Act such amounts,
23 not to exceed an aggregate of \$400,000, as the Committee
24 deems necessary to enable it to carry out its functions.”

Amdt. No. 698

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. MUNDT to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 22, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 22, 1966

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCARTHY to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 3, strike out lines 22 through 24, and insert:

- 1 (b) Section 201 (d), which relates to interest rates, is
2 amended by striking out "1 per centum" and substituting
3 "2 per centum".

Amdt. No. 697

Amdt. No. 697

Calendar No. 1324

**89TH CONGRESS
2D SESSION**

S. 3584

AMENDMENT

Intended to be proposed by Mr. McCARTHY to
S. 3584, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JULY 22, 1966

Ordered to lie on the table and to be printed

Calendar No. 1324

89TH CONGRESS
2D SESSION

S. 3584

IN THE SENATE OF THE UNITED STATES

JULY 25 (legislative day, JULY 22), 1966
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KENNEDY of New York (for himself and Mr. MUNDT) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 21, after line 7, add the following:

CHAPTER 3—RESTUDY

1
2 SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The
3 President is requested to submit to the Congress, on or before
4 January 1, 1968, his recommendations, including legislative
5 proposals designed to carry out such recommendations, for
6 such future foreign assistance programs as may be necessary
7 and appropriate in the national interest and taking into ac-
8 count the principles set forth in section 302.

Amdt. No. 704

1 SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT
2 IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the for-
3 mulation and submission to the Congress of proposals for
4 foreign assistance for fiscal years beginning on or after
5 July 1, 1968, such proposals should include, among others,
6 the following categories:

7 (1) Assistance intended primarily for humanitarian
8 purposes, including grants, loans, contributions, or other
9 aid to be made available for relief purposes through
10 international organizations or relief agencies, or other-
11 wise, famine relief and other assistance authorized by
12 title II of the Agricultural Trade Development and
13 Assistance Act of 1954, as amended, and similar relief
14 programs.

15 (2) Assistance for development purposes (A) to be
16 extended only to countries in which progress is being
17 made toward respect for the rule of law, freedom of ex-
18 pression and of the press, and recognition of the im-
19 portance of individual freedom, initiative, and private
20 enterprise; and (B) to be in furtherance of sound plans
21 for economic and social growth to the end of developing
22 the resources of the recipient countries to make them
23 self-sufficient at the earliest possible date.

24 (3) Assistance for political or contingency pur-
25 poses, to be extended to a limited number of countries or

1 areas, primarily for purposes of advancing or protecting
2 the mutual interests of the United States and the other
3 countries or areas concerned, such as programs relating
4 to the creation of special relationships with recipient
5 countries, reinforcement of alliance-type relationships, or
6 other political or contingency purposes.

7 (4) Military assistance to be furnished for purposes
8 that serve the military defense of the United States as
9 recommended by the Secretary of Defense, subject to
10 approval by the Secretary of State.

11 (b) In order to provide for better coordination of all pro-
12 grams of United States assistance to foreign countries, and for
13 more efficient, economical, and effective administration of
14 such programs, the proposals referred to in paragraphs (1),
15 (2), and (3) of subsection (a) shall also include pro-
16 visions for unification, insofar as practicable, of the adminis-
17 tration of such programs under a single officer or agency.

18 (c) The proposals referred to in subsection (a) should
19 be based on an analysis and estimate of the funds required
20 by the developing nations of the world to close the widening
21 gap between the economically privileged nations and those
22 nations striving to achieve a developed economy. This
23 analysis should examine the relationship between develop-
24 ment requirements and the rising gross national product of

1 the United States, assessing the percentage of gross national
2 product that should be devoted to such development assist-
3 ance. The proposals should include an assessment of the
4 role that economic assistance by the United States and other
5 developed nations can and should play in the economic and
6 social development of the rest of the world, and carefully
7 delineate policies and programs required to fulfill this role.

8 SEC. 303. TEMPORARY PLANNING COMMITTEE ESTAB-
9 LISHED.—(a) There is hereby created a Foreign Aid Plan-
10 ning Committee (hereinafter referred to as the “Commit-
11 tee”) which shall consist of twelve members, no more than
12 seven of whom shall be members of the same political party,
13 to be selected as follows:

14 (1) Four members to be appointed by the Presi-
15 dent from private life, none of whom shall have served
16 at an executive level in the administration of the AID
17 program in Washington;

18 (2) Four members of the Committee on Foreign
19 Relations of the Senate, to be designated by the Vice
20 President;

21 (3) Four members of the Committee on Foreign
22 Affairs of the House of Representatives, to be designated
23 by the Speaker of the House of Representatives.

24 The Committee shall select a Chairman and Vice Chairman
25 from among its members.

1 (b) It shall be the duty of the Committee (1) to make
2 such studies and investigations as may be necessary to enable
3 it to make recommendations to the President and to the
4 Congress concerning the proposals referred to in section
5 302 (a), and (2) to provide the President, or such officer
6 or agency as the President may designate, with such assist-
7 ance as the President or such officer or agency may request
8 in the formulation of such proposals.

9 (c) The Committee is authorized to appoint and fix
10 the compensation of such secretarial, clerical, and other staff
11 assistants as may be necessary to enable it to perform its
12 functions, and to procure, without regard to the civil service
13 laws and the Classification Act of 1949, as amended, tem-
14 porary and intermittent services to the same extent as is
15 authorized for the departments by section 15 of the Act of
16 August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates
17 not to exceed \$100 per diem for individuals.

18 (d) Members of the Committee appointed under sub-
19 section (a) (1) who are not otherwise employed by the
20 United States shall be paid compensation at the rate of \$100
21 per diem while engaged in the work of the Committee, and
22 shall be reimbursed for travel and other necessary expenses
23 incurred while so engaged, including per diem in lieu of
24 subsistence, as authorized by law (5 U.S.C. 73b-2) for per-
25 sons in the Government service employed intermittently.

1 (e) The Committee may, for the purpose of carrying
2 out the provisions of this section, hold such hearings and sit
3 and act at such times and places, administer such oaths, and
4 require by subpoena or otherwise the attendance and testi-
5 mony of such witnesses and the production of such books,
6 records, correspondence, memorandums, papers, and docu-
7 ments as the Committee may deem advisable. Subpenas
8 may be issued under the signature of the Chairman of the
9 Committee and may be served by any person designated by
10 the Chairman. The provisions of sections 102 to 104, in-
11 clusive, of the Revised Statutes (2 U.S.C. 192-194), shall
12 apply in the case of any failure of any witness to comply
13 with any subpoena or to testify when summoned under au-
14 thority of this subsection.

15 (f) Each department and agency of the Government
16 shall furnish to the Committee, upon its request, such infor-
17 mation or other assistance as may be necessary to enable it
18 to carry out its functions.

19 (g) The Committee shall from time to time transmit
20 to the President, and to the Committee on Foreign Relations
21 of the Senate and the Speaker of the House of Representa-
22 tives, reports of its activities, including its recommendations,
23 and shall file its final report on or before September 1, 1967.
24 Upon the filing of its final report, the Committee shall cease
25 to exist.

1 (h) There shall be made available to the Committee out
 2 of sums appropriated pursuant to this Act such amounts, not
 3 to exceed an aggregate of \$400,000, as the Committee
 4 deems necessary to enable it to carry out its functions.

Ordered to lie on the table and to be printed
 once the House adjourns on July 23, 1969

after business

As reported July 1, 1969, as amended, and for
 H. R. 3228, a bill to amend further the Foreign
 Information (for himself and Mr. McGowan) to
 be included to be introduced by Mr. McGowan of

AMENDMENT

2d Session
 80th Congress

2. 3228

3228

89TH CONGRESS
2D SESSION

S. 3584

AMENDMENT

Intended to be proposed by Mr. KENNEDY of New York (for himself and Mr. MUNDT) to S. 3584, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JULY 25 (legislative day, JULY 22), 1966

Ordered to lie on the table and to be printed

3540 E